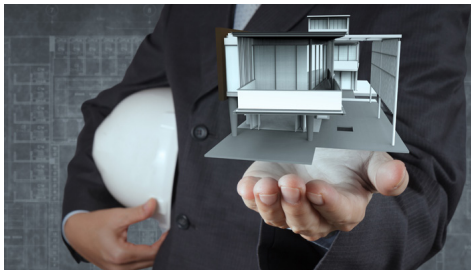


Creating Control and Certainty: Business Insurance

Our senior advisers provide specialist risk facilitation services to business owners. This protects them against the impact associated with the death or permanent disability of key people or equity partners.

“ The key to good executive risk management is the right amount of money, to the right person at the right time. ”

When advising clients in relation to their business protection and succession planning needs, there are three key principles which are carefully considered:



ASSET PROTECTION

If business debts are secured by personal assets, have the consequences of personal guarantees been considered?



REVENUE PROTECTION

Would the loss of a key employee result in a loss in revenue and profitability?



OWNERSHIP PROTECTION

Would the loss of an owner result in a loss in business value; or worse still, control of the business?

HOW DOES THE FACILITATION PROCESS WORK?

As facilitators we will work closely with your team of advisers (accountants, lawyers etc) to project manage a business protection and succession plan specifically tailored to your business. Our process allows us to coordinate funding and legal solutions in a timely and cost effective way that ensures you can focus on what you do best – running your business. Our corporatised structure means we can offer our clients significant savings via fee for service and premium rebate offerings.



BUSINESS PROTECTION AND SUCCESSION PLANNING ADVICE PROCESS

From the first meeting to implementation, our process will minimise your time

EXPLAIN & EDUCATE

As facilitators we invest the time to make sure you understand the key issues before moving forward.

DISCOVER & ACCUMULATE

Our audit process allows us to obtain the information required in a timely fashion.

IDENTIFY & CLARIFY

Using our discovery checklist we will quickly identify and clarify what needs to be done.

PRESENT & PREPARE

We will present you with an easy to understand report on the issues identified along with a plan of action.

IMPLEMENT & INITIATE

As facilitators we will coordinate the implementation of your plan and initiate what needs to be done with the relevant professionals.

EXPLAIN & EDUCATE

Once our plan is in place we will review it with you to confirm your understanding and make sure it meets your objectives.

Until death do us part

Practical example of why Business Protection and Succession Planning is critical.

Michael, who is 55 years old, together with his beautiful wife Wendy, have two children. Michael is in partnership with his good friend Peter who is 32 years old and recently married. Michael and Peter run WestParts, a successful machine parts business.

Peter specialises in sales while Michael has the technical expertise. Together, they make a competitive combination. Through 7 years of hard work, endeavour and frugal drawings the business is now worth \$1.4 million.

Loss of a Key Person

Tragically, Michael suffers a stroke down the left side of his body and can't continue working. The firm has lost one of its biggest assets - Michael's technical knowledge. Peter must immediately find someone who can fill that role.

Consequences of not having Cash Flow

Months pass and the business starts losing money. Peter can't afford to hire someone to replace Michael, as Michael is still drawing a salary out of WestParts.

Succession funding required

Peter wants to buy out Michael's interest in the business but Peter and Michael can't agree on what the business is worth. In any event, Peter is unsure on how to fund the purchase as all of his personal property is already held by the bank to secure the business debt. Later that month Michael dies leaving all his assets (including his interest in WestParts) to his wife, Wendy. Michael's funeral is still two days away but Peter is already in trouble...

Consequences of not having Guarantor Protection

WestParts borrowed \$230,000 to purchase a warehouse in Canning Vale. In addition, the bank overdraft is currently running at \$23,000. Both debts are guaranteed by Michael and Peter. The bank manager is on the phone - Michael's death has triggered an automatic default of both debts (as is the case in almost all loans and mortgages in Australia). The bank manager needs payment or to renegotiate the

loan: Wendy can't help run WestParts - how can she run a business and bring up her two children? Wendy's once good relationship with Peter is souring over the dispute as to what is going to happen to the business and Michael's usual salary.

Consequences of not having Business Protection and Succession Planning

Peter is eventually able to re-finance the two loans at a higher interest rate. He manages to employ Rod, who has the necessary technical knowledge. Peter has to pay Rod \$80,000 a year. Errors made before Rod started result in the loss of the firm's best client. Peter is forced to take on further debt to keep the business afloat. In desperation, Peter tries to sell his share of the business. The offers are only a fraction of what the business was worth before Michael suffered the stroke. Grimly, Peter decides to struggle on. WestParts folds less than 12 months later. Peter is bankrupt and loses his family home. The business, for Peter and Michael, was not only their job but their life and financial security. The business was to provide for their retirement. Now it won't even provide their family with a roof over their head.

“ Protect your business's future. ”



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