



PLANNING FOR DISASTER

HOW SAFE IS YOUR
BUSINESS

www.signalbizhub.org



‘How to protect your business – planning for the unexpected’

A Presentation for the Bordon Hub by

Mark Beresford of Buxton Beresford

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improving your financial future

'Speak with me, Mark Beresford and plan your future now, not in the future, when you will look back and regret the passing of time and opportunity. Your cash in the future needs to be seeded today'.

Your money's a serious business. That's why at Buxton Beresford we work hard to make sure that every penny is looked after and invested properly.

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- reliable family financial protection
- professional business tax planning and advice.

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Mark Beresford

Owner and Director of Buxton Beresford Financial Planning Ltd.

More than 25 years experience in helping people plan for the future and throughout their lives.

Business graduate, from East London and Aston Universities.

Diploma in Financial Planning along with a wealth of experience in advising clients and businesses either directly as my clients, or in conjunction with their solicitor of accountant.

Plan for the Future

Plan for the unexpected

What could possibly go wrong?

What Happens IF.....

The Focus of Business Owners

The Day to Day

Turnover

Profitability

Client Acquisition and Maintenance

Marketing

Sales

Strategy

The next 6 months

The next year

The 3 year plan

The 5 year plan

What Would Happen IF.....

Owner died

Majority shareholder was diagnosed with terminal cancer

Best Sales Personal dies or suffers from a critical illness

What Would Happen IF.....

(Discuss)

What is Business Protection?

Help businesses continue to trade if:

An owner or other person important to the business dies

Or is diagnosed with a serious illness.

Help ensure that key individuals are replaced, debt could be repaid or shares from the deceased partner's/director's estate are purchased.

Business Loan Protection

57% of businesses have some sort of debt

Debt has increased significantly since 2011

No plan about how the debt would be repaid

72% have not considered putting cover in place

Business Loan Protection

Many SMEs will have a guarantor for any debt incurred.

This will be the owner or major shareholder or the partners.

In the event of the death or serious illness of that guarantor, the business is at risk as the bank may well ask for their loan to be repaid.

Business Loan Protection

23% - Credit Card

33% - Directors Loan Account

33% - Personal Loan to Business

36% - Overdraft

56% - Business Loan

Key Person Protection

A person with

- skill
- knowledge
- experience
- leadership

contributes to the financial success of the business either directly or indirectly

Key Person Protection

- Chairman
- Managing Director
- Marketing Manager
- IT Specialist
- Finance Director
- Sales Manager
- Technical Specialist

Key Person Protection

Or anyone whose death or serious illness could lead to financial loss through:

- Loss of Profit
- Recruitment or training costs
- Loss of business relationships
- Loss of customer or supplier confidence

Key Person Protection

Borrow to replace the Key Person?

- Credit Rating affected?
- Lending Policy Change?
- Economic Situation?
- Personal security applicable?

Key Person Protection

Current Perceptions of the death or serious illness of a Key Person:

- Staff – 25% said it would not have an impact on them
- Creditors – 58%+ felt it would not affect creditor attitudes
- Reputation/Brand – 63% did not think it would have an effect
- Income/Cash flow – 47% did not think it would affect cash flow

ONLY 3% thought the death or critical illness of a key person would affect their business

Key Person Protection

The Reality

40% of businesses would cease trading within a year

63% of Sole Traders would cease trade immediately

46% of new businesses would cease trade immediately

Many would struggle to find a replacement within 6 months
60% estimate it would take up to a year to find a replacement.

Share Protection

Over 50% of businesses have left no instructions regarding their shares meaning:

- Loss of control, in part or whole
- Family involvement
- Sale of shares to a third party

Share Protection

Would you prefer your estate to receive the value of your shares on your death?

- Share Protection enables your business partners to buy your shares.

Do you want to work with your director's widow, son, brother?

- Share Protection provides you with the capital to buy your business from the beneficiaries of the directors estate.

Relevant Life Plans

Death in Service policy for SMEs

- Tax Efficient
- Does not affect pension 'Lifetime Allowance'
- Not a 'benefit in kind'
- Replacement for a group scheme
- Effective for High Earners
- Up to 50% tax saving

Example Costs of Business Protection Policies

For a Key Person, Director etc paying a sum of £200,000 within a ten year term

	Death Only	Death or earlier Critical Illness
Male/Female		
Age 30	£8.55	£32.23
Age 40	£13.31	£67.50
Age 50	£28.17	£155.29

‘What I hope you will takeaway from my talk today’

Business Protection into your business strategy

Your business will probably not survive without financial protection

Costs of Financial Protection are modest compared to the potential losses

ANY
QUESTIONS
?

THANKS
FOR
LISTENING

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