

Business Protection

If the unthinkable happened...

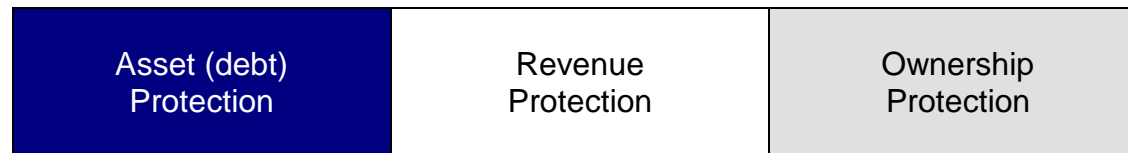
To you:

- Would you or your family receive adequate payment for the transfer of your stake interest in the business?
- Would any loans the business owes you be quickly repaid?
- Would you, your family or your estate be released from any personal guarantees given to lenders for business loans?
- Would your personal assets, such as your home, provided as security for business loans, be released to you, your family or your estate?
- Would you have sufficient financial resources to protect your income and family's lifestyle?
- Would you know what your insurance will cover?

To your business associates or key people:

- Would any ownership succession be orderly, equitable and funded?
- Would the valuation of your business be maintained?
- Would your business maintain the confidences of lenders and trade creditors?
- Would your business have enough cash flow to meet its commitments?
- Would you retain key employees and their confidence in your business?
- Would your business have the financial and capacity resources to recruit and train new key employees?
- Would your business be able to pay out or reduce business debts to protect the personal guarantees supported by the personal assets of the business owners?

There are three basic solutions to help address your business protection needs:



Contacts

For further information review the key considerations table over the page, or contact:

Archie Para, Principal Financial Advisor
Corporate Authorised Representative
Email: archiep@mprgroup.com.au
Telephone: 03 9869 5900
Or visit our website www.mprgroup.com.au

Business Protection – key considerations

	Asset Protection for Business Debts	Asset Protection for Shareholder / Directors or Beneficiary Loans	Revenue Protection for Key People	Ownership Protection for Continuing Owners
The problem if an owner or key person dies or is disabled	<p>Insufficient funds to repay their business loan commitments.</p> <p>The lender may require personal guarantees or supporting security, which you may not want to or be able to provide.</p> <p>The business may be forced to sell assets to maintain cash flow if creditors press for payment and debtors hold back payment.</p> <p>Personal and business assets of the business owners securing loans may be put at risk.</p>	<p>These loans are usually on call.</p> <p>An executor of an estate may call up the loan.</p> <p>Your business may face a severe liquidity problem.</p>	<p>Your business may rely on a key person for financial success, and therefore face a substantial loss of revenue if they die or are disabled.</p> <p>It may take a long time before a suitable replacement can be found and trained up.</p> <p>The confidence of key business partners, lenders and key creditors may be affected.</p> <p>Staff morale and confidence may be affected.</p>	<p>Your business may be left to beneficiaries with neither the skill nor desire to contribute to the business.</p> <p>You'll be negotiating with the deceased owner's lawyer, who may be more concerned about the needs of the estate than the business.</p> <p>The continuing owners may not have funds to purchase the business, or agree with the price.</p> <p>Business constitutions often don't adequately provide for buy-outs or the funding of them.</p>
The questions to ask yourself	<ul style="list-style-type: none"> Who does your business' success and profit depend on? On their death or disablement could your business meet its loan repayments and creditor commitments? Would you want to avoid selling or encumbering personal or business assets? 	<ul style="list-style-type: none"> Is the loan on call? Could your business repay the loan immediately? Would your business face a liquidity problem? If it was your shareholder's loan, would you want to ensure your business had the ability to repay it quickly? 	<ul style="list-style-type: none"> Who are the key people responsible for generating revenue for your business? What would be the effect on your business if one of these people were to die or be disabled? What preventative steps has your business taken to maintain revenue? 	<ul style="list-style-type: none"> Would you want to purchase their share of the business and at an agreed price? Do you have a Business Succession Agreement in place? Would you have the resources to purchase their share without encumbering personal or business assets?
The solutions	<p>Asset protection can provide the business with enough cash to:</p> <ul style="list-style-type: none"> Repay debts to preserve the business' asset base. Protect the owner's personal assets. Free up cash flow. Maintain the business' credit standing if a business owner or loan guarantor dies or is disabled. 		<p>Revenue protection can provide the business with cash so it can:</p> <ul style="list-style-type: none"> Compensate for the loss of revenue. Fund the associated replacement costs. Protect the owner's profit. Maintain the value of the business as a going concern. 	<p>Ownership protection can provide the business owners with enough cash so they can:</p> <ul style="list-style-type: none"> Fund a Buy/Sell Agreement documenting an agreed price. Guarantee the orderly, equitable and certain transfer of ownership. Maintain control of the business. Protect their entitlement to profits and the value of the business. Ensure the exiting owner receives fair value for their interest.
Choosing the right solution	<p>MPR Private Client Services can help you implement a solution to provide funding on the death or disablement of an owner or key person to repay business loan commitments or Shareholder/Director loans, to offset the loss of revenue, or provide funding to exercise a Business Succession Agreement.</p>			