

PLANNING FOR THE FUTURE

HAD A FULL MEDICAL RECENTLY? HAVE YOU MADE A WILL? JONATHAN KAPLAN EXPLORES THE IMPACT OF DEATH OR INJURY AND HOW TO CREATE A SUCCESSION PLAN.

AT some stage in your life you're likely to experience an event that makes you sit up and realise that you're not immortal.

I apologise for kicking off the first edition of the new year like this but reading the holiday press, I was confronted with innumerable reports of motor vehicle tragedies, house fires and unanticipated health issues cropping up in otherwise apparently fit and healthy people.

Suddenly, with the flick of a finger your life and that of your family can be put in turmoil. In the industry in which you are involved, where you are likely to be engaged in a physical sense with your business, the impact of any of these events can be financially devastating for your family.

Although health issues are statistically less likely with younger owners, no matter how careful you are on the road there is little chance with a drunk or drugged driver bearing down on you. My question is, what have you done to plan for the future? When last did you arrange for a full medical with your GP? The hospitality industry is a stressful profession and stress management is crucial but often ignored.

What steps have you taken to plan

for the succession of your business? Have you made a will? If not, your estate may one day be dealt with under the laws of intestacy, and your assets might not end up in the hands of those for whom they are intended. These topics are often taboo but it's not smart to be dismissive and ignore their importance. The alternative could be very costly.

Developing a succession plan for your business is so important. "Off the peg" template plans don't exist as each business has its own unique characteristics. Factors that are likely to influence such a plan include enquiring whether other family members are involved in the business, your state of health and your financial circumstances. Ever thought of what would happen to your business if you suddenly took ill, or how you would extricate yourself from your business when you have had enough?

Some options if a serious illness took hold would be to either sell or close the business. However, 'fire sale' selling is not ideal, and closing the business is less desirable, especially when it's your major source of income.

Good succession planning would entail having provisions to hand over to someone (usually a trusted employee) on a permanent basis with pre-determined arrangements for acquiring the business within a particular time period.

In that way you would be assured of a regular income and ultimately a capital payment, rather than having to source a buyer in an ever-increasing pool of businesses for sale. Your accountant, financial adviser and lawyer have the skills to assist you in creating an appropriate



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business succession plan.

I have mentioned the importance of making a will. To provide for a situation where you might be too ill to give meaningful instructions about the conduct of your business or your medical treatment, there are a series of powers of attorney that you should also ask your solicitor to prepare. Examples of these are an enduring power of attorney (financial), where you appoint someone to make financial or legal decisions if you are not able to make those decisions yourself, and an enduring power of attorney (medical treatment), in which you appoint someone to make

decisions about your medical treatment if at the time you are not able to give coherent instructions yourself. Arranging for these will obviate your family having to obtain an order to deal with your affairs should such circumstances arise. I have seen so many situations where proper business or personal estate planning was ignored, resulting in not only expensive litigation but the fracturing of friendships and destruction of family relationships. Not something you'd like to be remembered for, I am sure. ■■■

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