

## Case Study

# Business Owners

**For business owners, it is often the case that a portion of their wealth is tied up within their company. This can add an important layer of complexity to financial planning. How and when should they plan to extract wealth from the company? How can they safeguard their own finances? How do their plans change as their business develops?**



“How do we  
safeguard our  
own finances?”

In the case of brothers Steve and John, all of those questions and more have been present throughout their time working with DBL. Initially we had advised the brothers' father on his own business from 1984 and then began working with Steve and John, when they set up a firm with a friend.

Initially, the business was young and making very little profit. As directors of a startup company their requirements were to safeguard themselves should anything happen to the firm. There was a great deal of risk involved and the directors wanted to mitigate any potential professional problem and ensure they were doing everything they could with the money available.

Our advice at this point, with cash flow tight, was to focus on maximising opportunities in tax allowances, ISAs and limited initial pension contributions, whilst the directors focused on growing their promising young business.

Several years later, the business was now a multi-million pound entity and the directors requirements had changed. Both were sensible in still approaching elements of their planning from a worst-case-scenario perspective, but the questions were now different. If one of them died, what would happen to the business and all of its profit and assets? If the directors woke up and there was suddenly no business, how would they maintain their level of lifestyle?

We worked closely with their solicitors and accountants, helping to guide the business through the growth phase and putting in place elements such as shareholder protection. As the business continued to grow, we worked further with the directors on their personal wealth, introducing a more formal investment proposition, so that the directors' wealth from the business continued to grow towards funding their lifestyle, their families and their retirements.

With more wealth available now than at the start-up point, we were able to use carry forward to maximise their pension contributions, as well as advise on a suitable pension scheme for the firm and its employees.



With both the business and the directors in a healthy position, it was time to look at the next stage. Should either director wish to exit the business, how could they do it? How could the directors maximise their personal wealth at the opportune moment, as well as leaving a business concern?

With those questions in mind, as the business moves to its next stage, we helped the directors to turn their thoughts to maximising growth within the business, putting an accurate valuation on what the business might be worth and planning for how they may be able to structure money coming out of the firm.

As the directors look to these opportunities in the future, they now have a strong idea of what their retirement looks like and how they maintain their current lifestyles after their working lives are over.

**“ DBL strive to ensure that they have a clear understanding of personal and business objectives, whilst delivering a service that is friendly and approachable. ”**