

The Business Owner's Guide to Financial Protection



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Welcome to Succession Wealth

Plan for the future, plan for success.

Succession Wealth is a national financial advice firm, which delivers independent advice to clients throughout the UK.

When you choose to work with us, our Wealth Planners will provide an exceptional personal service tailored to your unique financial needs and aspirations.

We view assisting you on your financial journey as a privilege. The relationships we build last longer than a lifetime, and we are proud to advise across generations.

The importance of financial protection to business owners

Whether you have been running a successful business for many years or are just starting out, it is important to understand the challenges and potential pitfalls you may face, and to consider ways in which you can help minimise their impact.

In this guide we explain why protection is an essential part of your business planning, the types of protection available, and how they work.



Why does your business need financial protection?

Financial stability

Financial protection provides a safety net that helps maintain cash flow and financial stability during unexpected events, such as the loss of a key employee.

Key employees are vital to a business, and business protection can help should a director, partner, or key employee suffer a critical illness, become unable to work due to a disability or die.

Some of the problems a business may face in these circumstances include:

- Loss of profits
- The need to recruit or train a replacement
- Loss of important personal or business contacts
- Difficulties in meeting existing loan repayments
- Loss of confidence from suppliers and customers
- Difficulties in raising new finance for new developments
- Loss of detailed knowledge of the business' processes and systems
- Having to repay a loan the key person has made to the business
- Loss of goodwill

Risk management

Running a business involves various risks, including financial, operational, and strategic risks. Financial protection helps mitigate these risks, ensuring business continuity even in adverse situations.

Legal requirements

Certain types of insurance, such as employers' liability insurance, are legally required in the UK. Failing to have these can result in significant fines and legal issues.

Peace of mind

Knowing that your business is protected against unforeseen events allows you to focus on growth and development without constant worry about potential financial setbacks.

Attracting investment

Investors and lenders often look for businesses with comprehensive risk management strategies, including adequate insurance coverage, as it indicates a well-managed and secure investment.

Examples of financial protection and how they work

Key Person Insurance

- Protects against the financial loss from the death or critical illness of a key employee or business owner.
- The policy pays out a lump sum to the business, which can be used to cover the costs of finding a replacement or compensating for lost revenue.

Shareholder Protection Insurance

- Ensures that the remaining shareholders can buy the shares of a deceased or critically ill shareholder.
- The policy provides a lump sum to the remaining shareholders, allowing them to purchase the shares and maintain control of the business.

Business Loan Protection

- Helps repay outstanding business loans if a key person dies or becomes critically ill.
- The policy pays out a lump sum to cover the remaining loan balance, ensuring the business can continue operating without the burden of debt.

Relevant Life Insurance

- Provides life cover for employees in a tax-efficient manner.
- The business pays the premiums, and the policy pays out a lump sum to the employee's beneficiaries if they die while employed.

Key Private Health Insurance

- Funds private healthcare for key employees.
- As well as being an extra benefit of employment, it could help them to return to work more quickly after an illness by paying for rehabilitation treatment.

Income Protection Insurance

- Provides a regular income if the business owner is unable to work due to illness or injury.
- The policy pays a percentage of the business owner's income, helping cover personal living expenses during recovery.

Examples of financial protection and how they work

Public Liability Insurance

- Covers claims made by the public for incidents related to business activities.
- The policy covers legal fees and compensation costs if a member of the public is injured or their property is damaged due to the business's operations.

Professional Indemnity Insurance

- Protects against claims of professional negligence or mistakes.
- The policy covers legal fees and compensation costs if a client or third party suffers a loss due to the business's professional services.

Employers' Liability Insurance

- Covers compensation claims from employees who are injured or become ill due to their work.
- The policy covers legal fees and compensation costs, and it is a legal requirement for businesses with employees.

Cyber Insurance

- Protects against the financial impact of cyber-attacks and data breaches.
- The policy covers costs such as legal fees, notification costs, and business interruption losses resulting from cyber incidents.

Property Insurance

- Covers damage to business premises and contents.
- The policy pays for repairs or replacement of property damaged by events like fire, theft, or natural disasters.


We can support you on your financial planning journey

Many events, such as the death or prolonged illness of a business partner, key employee or shareholder, could put your business under considerable financial strain.

While no one can predict what will happen in the future, having the right financial protection in place can help to safeguard your business against unexpected events and ensure its long-term stability.

Contact Us

If you are a business owner and would like to see how we may be able to help with your protection needs, or if you want to discuss any aspect of financial advice with one of our Wealth Planners, please get in touch and we'll arrange for someone to contact you.

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Please Note

This guide is for general information only and does not constitute advice. The information is aimed at retail clients only.

The content was accurate at the time of writing, changes in circumstances, regulation and legislation after the time of publication may impact on the accuracy of the guide.



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