

Succession Plan Key Considerations – At a Glance

1. Initial Family Discussion

History of the business, the property and family legacy
Details of all stakeholders
Expectations of each of the stakeholders
Future direction for the business
Future plans of current owners
Plans of the future owners
On-farm assets
Off-farm assets
Business/property ownership
Current valuations
Current trading structures
Current legal and financial structures
Review of financial statements and tax returns
Review of existing debt and finance arrangements
Intent and effectiveness of current Wills, Trusts and Power of Attorney

2. Management Succession

Nature and term of management transition
Future roles and responsibilities
Future involvement of current owners
Exit strategy of current owners
Remuneration arrangements
Skills and training programs
Involvement of family members not working on the farm

3. Ownership Transfer

Nature and term of transition
Current vs future equity arrangements
Future financial structures
Future legal structures
Involvement of family members not working on farm
Restructure of existing debt and capital accounts
Valuation and market appraisals
Transfer values
Nature and term of transition payments

Insurance and investment arrangements
Risk assessment
Expenses incurred by the previous owners that will continue to be met
Housing arrangements made for the exiting owners
Distribution of income
Security to be provided to ensure future transition payments
Capital gains tax issues
Stamp duty issues
Social security issues
Instructions for the execution of legal documentation

4. Retirement and Estate Planning

Retirement planning and financial goals
Tax liabilities following transfer
Details of estate transfer
Review and restructuring of wills and trust arrangements
Life insurance
Future investment of transition payments
Asset transfer payments
Liquidity arrangements to meet tax liabilities
Future inheritance of assets

5. Future Business Planning

Current business status
Future business direction
Strategies to achieve the future business direction
Financial and legal structures
Risk minimisation
Strengths, weaknesses, opportunities and threats
Budgets and financial projections
Debt and finance facilities

6. Financial Outcomes

Net value of property/business
Agreed transfer price
Initial deposit
Vendor terms of payment
Debt facility
Interest payments
Retirement funding for exiting owners

7. Action Plan and Timetable

Tasks and timing

For more information call Rural Business Tasmania on **1300 88 3276**.