

# FINANCIAL PLANNING FOR YOUR BUSINESS



We understand how important it is to  
safeguard your business for the future



**NFU Mutual**  
FINANCIAL PLANNING

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# THE IMPORTANCE OF A FINANCIAL PLAN FOR YOUR BUSINESS

We understand how important it is to safeguard your business for the future.

Building a successful business requires an investment of time, effort and money. Financial advice from NFU Mutual can help you protect and build on that success.

The right financial plan can:

- Ensure business owners and their families are protected should any of them suffer injury, illness or death.
- Protect the business profits against the loss of a 'key person'.
- Help you decide the most effective way to take money from your company.
- Design a reward package to help you attract and retain the right employees.
- Help you to develop a successful succession plan that secures the future of your business.



# PROTECTING BUSINESS OWNERS AND THEIR FAMILIES

What would happen if one of your co-owners in the business died and left their interest in the business to their family?

You might want to be able to buy their share of the business from their family.

But what if...

- They don't want to sell?
- You don't have the available cash to buy?
- You can't agree a price?
- They want to sell to a third party?

Your NFU Mutual Financial Adviser can discuss with you the value of having a Shareholder or Partnership agreement in place to set out what happens in the event of any of the business owners dying, suffering a serious illness or retiring, including an agreed way of valuing the business. This is something your solicitor will then be able to help with.

Your NFU Mutual Financial Adviser will also make sure the right level of protection cover is in place, so that the remaining business owners have a cash sum to help them buy the deceased or ill co-owner's share of the business and that the ill owner or their family receive a fair value for their share of the business.

Our Financial Advisers advise on protection products provided by Aviva Protection UK Limited.

Aviva complements NFU Mutual perfectly, adding choice and value to our range of products and mirroring our commitment to outstanding customer service and claims handling expertise.

## As an example...

Sam and Alex own equally a company valued at £2m with six full time employees.

Sam dies unexpectedly leaving his share of the business to his wife Jill.

Jill may want to:

- Continue drawing an income from the company
- Sell her interest in the business.

Alex may want to:

- Buy Sam's share of the company
- Stop Jill becoming involved in the business/selling to a third party.

But he needs £1m.

The right Shareholder agreement and Business protection plan would provide Alex with the resources to buy Jill's shares and retain control of the company.

# PROTECT YOUR BUSINESS AND RETAIN TALENT

You and your employees are the driving force behind the business, critical to its continuing profitability and growth, so it's important that you protect the business should you or any of your 'key employees' be lost in the event of a critical illness or death.

## **Key person protection**

Key person protection provides the business with a lump sum if a key employee dies or suffers a specified critical illness. This money can be used to offset a loss of profits due to the loss of a key person, or cover other related costs such as the costs of recruiting a replacement.

## **Protecting business loans**

If your business has outstanding borrowings such as a loan, commercial mortgage or a Director's loan, your NFU Mutual Financial Adviser can help you protect these should one of the business owners die or suffer from a specified critical illness.

## **Benefits to attract and retain talent**

We can help you put in place a range of benefits to help you attract and retain talented employees:

- **Life insurance**

Providing life insurance for your employees to help protect their families is a highly valued benefit. It can be provided tax efficiently. HMRC normally view the premiums as an allowable business expense for the employer and don't treat it as a benefit-in-kind for employees, giving significant Income Tax and National Insurance savings for the employee.

- **Pensions**

Offering additional pension benefits can be a very tax efficient option for both your business and your employees. It can mean substantial savings in both employer and employee National Insurance contributions. The tax treatment of pensions depends on individual circumstances and may change in the future. The value of investments and any income from them may rise or fall, and you may get back less than invested.





# TAKING MONEY OUT OF THE BUSINESS

If you run your business as a limited company, there are a number of options when it comes to taking money from your business, including as a salary, a bonus or a dividend. One of the most tax efficient ways is a company pension contribution.

Pensions can act as a form of diversification, meaning that your retirement income won't be solely dependent on the success of your business.

Once you reach age 55 (57 from 2028) you can access your pension funds as you wish, taking ad hoc lump sums, withdrawing variable amounts of income or securing a regular income for life.

In order to be treated as a business expense, an employer pension contribution must be 'wholly and exclusively' for business purpose. Your NFU Mutual Financial Adviser can explain this in more detail.

Please note that the tax treatment of pensions depends on individual circumstances and may change in the future.





# PASSING A BUSINESS ON

Many business owners want to hand their business on to the next generation.

## **Succession planning**

Some are happy to pass the business on during their lifetime while others want to hold onto it until the day they die. There is no 'right time' but having a plan not only allows for a smoother transition, it can also play a big part in securing the future of your business.

## **Maximise tax breaks**

Making sure your plans are structured in the most tax efficient way is critical to successfully passing on the business.

Two key taxes to consider are:

## **Inheritance Tax (IHT)**

Business Property Relief can help reduce or even eliminate IHT on qualifying business assets. There are a lot of potential traps – particularly for those holding significant amounts of cash in their business – so it's important to take advice to maximise the benefit. The government are proposing to introduce changes from April 2026 that will restrict the amount of Business Property Relief that can be claimed, which may result in higher Inheritance Tax bills for many

business owners – so it's important to take advice to maximise the benefit.

Please note that Inheritance Tax advice is not regulated by the Financial Conduct Authority.

## **Capital Gains Tax (CGT)**

Giving away business assets or shares can trigger a CGT bill. It may be possible to claim Gift Hold-Over Relief allowing any immediate CGT to be deferred, with the person receiving the gift taking over the gain of the original owner.

Other considerations:

## **Right hands at the right time**

A key part of succession planning is making sure that all business owners have valid wills and where appropriate a Shareholder or Partnership agreement is in place. This will ensure the ownership ends up in the right hands at the right time.

## **Non-business inheriting children**

When it comes to making provision for those children who do not wish to be involved in the future of the business, there are a wide range of investment options that can be used as part of the family's succession plan.

# WE HELP YOU TAKE CARE OF YOUR BUSINESS

## **Investing excess cash**

Holding high levels of excess cash within your business, may not always be the best option for your business. If you hold more cash than you have a short term business need for and you are able to invest it for five years or more, we can advise you on a range of investment options that may be appropriate for you. Please remember the value of investments can rise or fall, and you may get back less than you invested.

## **Working with our customers**

We take great pride in working in partnership with all our business customers – whether you trade as a limited company, sole trader, or in a partnership.

For us that means developing a trusted relationship and it all starts with your personal Financial Adviser, the face of our expert team.

We take time to get to know both you and your people, so that we can fully understand your needs, your concerns and your goals – that way we can help you to protect what matters.





# Ready to start the conversation?

To start the conversation you can call us free on



0800 622 323

Or contact your local NFU Mutual agency. Find us by visiting:



[nfumutual.co.uk/agent-offices/](https://nfumutual.co.uk/agent-offices/)

When you get in touch we'll explain the advice services we offer and the charges. NFU Mutual Financial Advisers advise on NFU Mutual products and selected products from specialist providers.

If you'd like this document in large print, braille or audio, just contact us.

We're committed to supporting our customers, whatever your circumstances or needs we're here to help.

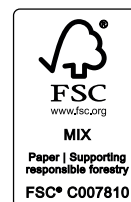
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