



## Financial Strategy

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### My Understanding of Your Situation

Olivia, thank you for sharing your financial and personal information with me. As a business owner of a successful retail store, you have built a solid financial foundation with both personal and business assets. You're in a pivotal stage of your life where you want to optimize your financial structures for efficiency and protection, plan for a strategic business exit, and enhance your wealth and retirement prospects, all while securing your children's educational future.

### Analysis of Your Goals and Objectives

Your primary goal is to ensure your business and personal finances are structured for maximum tax efficiency and asset protection. You're also looking to plan an exit strategy from your business within the next 10-15 years, diversify your wealth outside of your business, fund your children's university education, and improve your retirement position, possibly through SMSF property investment.

### My Recommended Strategies

#### **Business Structure Review:**

- I recommend reviewing your current company structure to ensure it remains the most tax-efficient and protective. Considering a family trust might be beneficial for distributing income to family members, especially as your children become adults.

#### **Asset Protection Strategies:**

- As the sole director and shareholder, it's crucial to protect your personal assets from business liabilities. Establishing a trust for personal assets, like your family home, can provide a layer of protection.

#### **Tax Planning for Business and Personal:**

- I suggest engaging a tax specialist to explore opportunities for reducing taxable income through salary packaging, maximizing superannuation contributions, and utilizing any available business concessions.

#### **Succession Planning Options:**

- We should start by defining what your ideal exit looks like, whether through selling the business or transferring ownership. This involves preparing the business for sale or transition, which can include improving systems and profitability.

#### **SMSF Strategy and Potential Business Property Investment:**

- Given your interest in property investment through your SMSF, I recommend conducting a feasibility study on purchasing your business premises. This could offer tax benefits and a stable income stream for retirement.

#### **Insurances Review Including Key Person Insurance:**

- Reviewing your current insurance coverage is vital, especially considering key person insurance, which could protect the business financially in the event of your incapacity.

#### **Estate Planning Considerations with Business Assets:**

- Revisiting your will and estate plan to ensure your business and personal assets are distributed according to your wishes is essential. Considerations might include establishing testamentary trusts.

#### **Potential for Trust Structures:**

- The creation of discretionary trusts could provide flexibility in income distribution, maximizing tax efficiency, and enhancing asset protection.

### Important Risks and Considerations

It's important to recognize that changes in tax legislation, market conditions, and personal circumstances can impact these strategies. Additionally, there are risks associated with SMSF property investment, such as liquidity issues and regulatory compliance. We must ensure all strategies comply with the Australian Taxation Office (ATO) and Australian Securities and Investments Commission (ASIC) regulations.

### Proposed Next Steps

Engage with a tax accountant to refine tax strategies and evaluate the potential for additional business structuring through trusts.

Arrange a consultation with an estate planning lawyer to update your will and explore testamentary trusts.

Conduct a detailed analysis of your insurance needs, including exploring key person insurance.

Begin the process of valuing your business and preparing it for eventual sale or transition.

Schedule a meeting with a property investment advisor to assess the feasibility of SMSF property investment.

Olivia, I am here to guide you through each step, ensuring we address your goals comprehensively and efficiently.

Please let me know your thoughts on these recommendations and any questions you might have.