

KEY PERSON PROTECTION

PARTNERSHIP PROTECTION

The death of a partner can be extremely damaging to any business. The ability to continue trading and maintain the financial well being of the firm will be vital. In addition, there are other problems which may have to be faced, in the absence of property provision in the Partnership Agreement and insurance cover:

- the partner's interest may pass to an heir who may not have the necessary skills, experience or interest to continue in the business.
- the partner's interest may need to be turned into cash to pay Inheritance Tax or provide for his or her dependants on death.

Raising the finance to buy a partner's interest may involve the sale of assets or finding someone who can afford to buy-in to the partnership. Finding a suitable replacement and raising the money can be difficult and time consuming. If unsuccessful, the partnership may even have to be dissolved. It is clear that partners need to retain continuity, stability and control of the business whatever the eventuality. This can be achieved by making adequate legal and financial provision.

SHAREHOLDER PROTECTION

Like partners, shareholder's shares may pass to an heir who does not understand the company's business or whose interests conflict with those of the other shareholders. Alternatively, the shareholder's interest may need to be converted into cash to cover Inheritance Tax liabilities or provide for dependants.

Maintaining control and stability of the company during this often turbulent time is key to its continued success. By taking the appropriate legal and financial steps shareholders can be confident that the future holds no surprises

Contact RW&Co on (0191) 491 0019 for guidance and advice in this important area or email us at info@rwco.net