chapter3.
FINANCIAL PLANNING

A CHAPTER3 GUIDE

Preparing for *Exit*.

The personal planning runway before a business sale, step-back or change of ownership.

A practical guide to building personal wealth, preserving your choices and making sure the transaction supports the life that follows it.

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Personal planning often *begins too late*.

The transaction may take a year.
Preparing properly can take several.

Once a sale becomes active, the focus naturally moves towards:

- valuation;
- buyers;
- due diligence;
- warranties;
- tax;
- legal documents;
- completion.

Those things matter. But the personal planning should already be well under way.

Before a transaction becomes real, the owner needs to understand how much personal wealth would make work optional, how much already exists outside the business, what company cash is genuinely required, whether pensions and personal investments are being built deliberately, what different exit routes may provide after tax and risk, how the household will replace salary and dividends, and what the money is intended to make possible.

Some decisions need several tax years. Others become more difficult once negotiations have started or a transaction is expected.

> **The deal team works on completing the transaction. The personal plan establishes what the transaction needs to achieve.**

> **COLIN'S VIEW**
> *A good sale price matters. The more important question is whether that price supports the life you want afterwards.*

The *possible routes*.

Selling everything is only one option.

Sell the *whole business*

A third-party sale may produce the largest immediate change, but the price, payment terms and conditions all matter.

Sell *part of it*

A partial sale, earn-out or staged transaction may release some value while the owner retains an interest in the future business.

Pass it to *management or employees*

A management or employee-led succession may protect continuity, although the funding, timetable and commercial risks need careful consideration.

Step back and *retain ownership*

New management can reduce the owner's day-to-day involvement while the family continues to receive income or retain long-term value.

Keep it and *build wealth elsewhere*

The owner may continue holding the company while deliberately increasing pensions, ISAs and other personal assets.

No route is automatically best. The planning comparison should consider:

- what the household receives;
- when the money arrives;
- how much remains at risk;
- whether payments are deferred;
- the owner's future involvement;
- the life and income available afterwards.

Compare what reaches the household, when it arrives and what remains uncertain — not only the headline price.

The *five-to-ten-year* view.

Different stages create different opportunities.

5+ YEARS

Build the foundations

- establish the household's Freedom Number;
- begin building personal wealth outside the company;
- identify surplus company cash;
- review pensions, protection and family arrangements;
- consider the realistic future routes.

There is still time for decisions to work across several years.

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AROUND 3 YEARS

Turn possibilities into a direction

- identify the most likely route;
- compare the household outcomes;
- tidy company and ownership issues;
- reconsider property and non-trading assets;
- begin designing the post-exit structure.

The plan becomes more specific.

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12–18 MONTHS

Confirm what remains available

- confirm the likely personal and company tax position;
- review pension and ISA opportunities;
- model deferred payments or retained equity;
- prepare the immediate destination for the proceeds;
- brief the household on what will and will not change.

The focus moves from redesigning the position to making sure nothing important is missed.

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COMPLETION + YEAR 1

Implement deliberately

- hold the proceeds safely;
- ring-fence the expected tax;
- establish the household income;
- implement the investment plan at the agreed pace;
- delay major irreversible decisions where appropriate;
- review the plan using the life that actually emerges.

> **The buyer's timetable matters. The number of useful planning years remaining may matter more.**

Before the deal *becomes real*.

Six parts of the personal plan should already be taking shape.

1. Your Freedom Number

The amount of personal wealth required to support the household and make work optional. This gives the transaction a meaningful target.

2. Wealth outside the business

Pensions, ISAs, cash and investments that reduce the family's dependence on one future sale.

3. A clear company-cash plan

Working capital and deliberate reserves separated from money that may be available for pensions, investment or extraction.

4. A realistic route comparison

The alternatives considered using household proceeds, payment timing, risk and future involvement rather than the headline valuation alone.

5. A destination for the proceeds

A plan for where the money will sit, how it may be invested and how regular household income will be created.

6. The family and protection plan

Wills, powers of attorney, protection, family gifts and the consequences if the transaction is delayed or never happens.

Tax, ownership and legal arrangements should be reviewed with the appropriate specialist advisers.

> **A sale should improve an existing personal plan. It should not be expected to create the whole plan on completion day.**

The value of *starting early*.

Mark is 50 and expects to sell at around 58.

Mark owns a profitable company. Most of the family's wealth is still connected to the business, and the household assumes a future sale will fund retirement.

They do not yet know:

- what annual lifestyle they want after the business;
- how much personal wealth would make work optional;
- what the company needs to retain;
- which exit route they would prefer;
- what an eventual sale needs to provide;
- where the proceeds would go after completion.

AT AGE 50

The sale is the plan

Mark's only clear strategy is:

"Grow the company and sell it one day."

BY AGE 58

The sale fits inside the plan

The company sale may still be important. But the family is no longer asking one transaction to solve every financial question. They know:

- what the deal needs to achieve;
- which terms matter beyond price;
- how much personal resilience already exists;
- what the first year after the business should look like.

During the runway, the family:

- calculates its Freedom Number;
- builds pensions and ISAs consistently;
- identifies which company cash is genuinely surplus;
- reviews protection and estate documents;
- compares a full sale, partial sale and step-back;
- models the likely household proceeds;
- creates the post-sale investment and income plan;
- agrees which decisions can wait until after completion.

The sale remains part of the plan. It is no longer the entire plan.

Simplified illustration only. Actual planning depends on the company, transaction, shareholders, household and specialist tax and legal advice.

The *personal side* of the exit.

The deal team and the personal planning team have different jobs.

THE DEAL TEAM

Transaction advisers focus on

- valuation;
- buyers and funding;
- due diligence;
- legal documents;
- warranties;
- completion;
- transaction tax.

CHAPTER3

The personal planning team focuses on

- what the household needs from the deal;
- building wealth outside the business;
- comparing the personal effect of each route;
- company cash and pension planning;
- the destination of the proceeds;
- the new household income;
- family and estate decisions;
- the life that follows the business.

STAGE ONE

Build the personal exit plan

Establish the Freedom Number, compare the realistic routes and identify the actions that need time.

STAGE TWO

Coordinate before completion

Work alongside the accountant, solicitor, tax adviser and corporate-finance team as the likely transaction takes shape.

STAGE THREE

Implement the post-exit plan

Hold and deploy the proceeds deliberately, establish the income plan and keep the wider financial plan updated afterwards.

What you receive

- a joined-up lifetime cashflow model;
- a personal exit target;
- a sequenced runway plan;
- comparison of the realistic routes;
- a post-completion investment and income framework;
- coordination with the other professional advisers.

Clients work directly with Colin. The scope and fixed fee are agreed before the work begins.

> **The transaction advisers optimise the deal. Chapter3 helps make sure the deal works for the household.**

How much planning time *do you still have?*

Start before the deal controls the timetable.

A 30-minute introductory call is enough to discuss:

- the likely timeframe for stepping back or selling;
- the current ownership and company-cash position;
- the household's pensions and personal investments;
- what you would like life after the business to look like;
- the exit routes currently being considered;
- whether personal exit planning is likely to add value.

You do not need a buyer or a definite sale date. Rough figures are enough for the first conversation. A recent set of company accounts, approximate pension and investment values and an idea of your preferred timetable are useful starting points.

If the existing personal planning already appears well structured, I will say so.

Book a 30-minute *introductory call*

BOOK YOUR CALL

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No fee for the introductory call. No obligation to proceed.