



Business Planning :

- Concerns
- Consequences

Statement of Intellectual Copyrights

This Presentation (“Presentation”) is prepared by Prajna Advisors(Asia) Sdn Bhd (PFA ASIA) for the purpose to “ Educate and Enhance Knowledge of Malaysian business owners” and contains information that is confidential and proprietary to PFA ASIA.

As such, this presentation, including the contents, materials, ideas and concepts contained herein are to be used exclusively to evaluate the capabilities of PFA ASIA to collaborate with interested parties.

All intellectual property rights in or associated with this presentation remain vested in PFA ASIA or such third party as identified by PFA ASIA.

Any redistribution or reproduction of part or all of the contents in any form is prohibited other than the following:

- you may print or download to a local hard disk extracts for your personal and non-commercial use only
- you may share the content on social media platform for personal use and you acknowledge the website as the source of the material

Therefore, this presentation either in whole or in part, must not be reproduced in any form or by any means or disclosed to others or used for purposes other than that for which it is supplied, without PFA ASIA’s prior written permission.

PFA ASIA stands for **P**rajna **F**inancial **A**dvisors Asia

More than **15 years** growth experience

Serving **Business Owners, CEO & Professional**

Top 5 Award Winning Financial Group in KL

Our firm is managed by **Certified Financial Planner (CFP)** and

Is member of **International Registered Financial Consultant (RFC)**



Our awards



Office at Zest

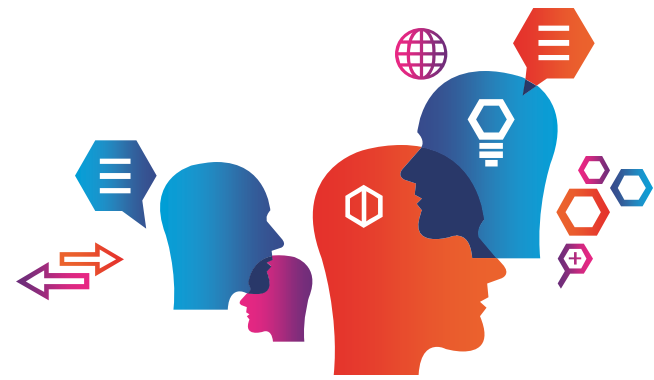
YINIE TAN, IFP, CFP, WEALTH COACH, Asset Preservation Specialist
ask@PFAasia.com

PFAasia
匯智富盛財集團
SHARING WISDOM, BUILDING WEALTH

Agenda



Issues



You and your partner have
worked hard to build your
business over the years



And you want to see it
prosper in years to
come

To expand the business, you and your partner may even take **Loan** and become Guarantor for the **business loan**.



Your business capital or money may be use in :

- **land**, buildings, **machines**, properties



In business like yours, it's not just the money, buildings or machines that make money

It is also the people

– their knowledge, skills or experience

The “Business Generator”



A business is like a see-saw



If one partner *gets off*, the others may *falls off & reorganise again.*

What have you done to protect your business ?



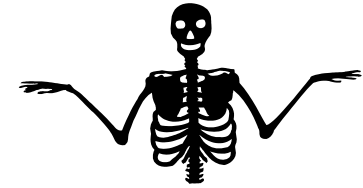
Illness



Disability



Accident



Death



YINJIE TAN, IFP, CFP, *WEALTH COACH, Asset Preservation Specialist*
ask@PFAasia.com

Most businesses fail –
not because *something happens*,
but **nothing** has been done about
Business continuity when it happens



What will happen to your business if
your partner **can't work** anymore ?

His/her **family members** or a **newly
appointed representative** may walk in



Can you **work** with them ?

Your partner or his/her family
may want to **sell** his/her
s h a r e s t o y o u



What is the
Fair Value price ?



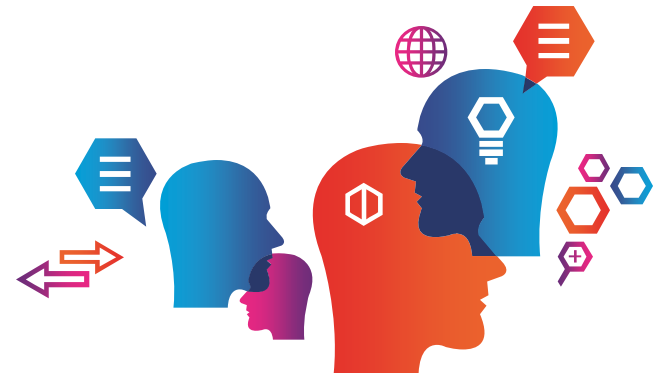
Or your staff , junior may
want to take over the
business and **buy shares**
from you



What if they
don't have **Cash** ?



Agenda



Consequences

What happens to the



Death

of a **Business Owner**



- ① Source of **income stops**
- ② Bank accounts, even joint account are **frozen**. Cannot withdraw \$\$
- ③ Unit trusts or share accounts are **frozen**. Cannot redeem
- ④ Car, house, shares are frozen and cannot be sold or transferred
- ⑤ All **loan repayments**, bills have to **continue to service** and pay

Your business shares is frozen too.

Can your spouse **stand in** and help to **manage** your business?



Sales **drop** ? | Profit **fall** ? | Lose **customers** to competitors ?

What will happen to your business
when your banker **walk in** and **ask for**
full settlement of the loan ?

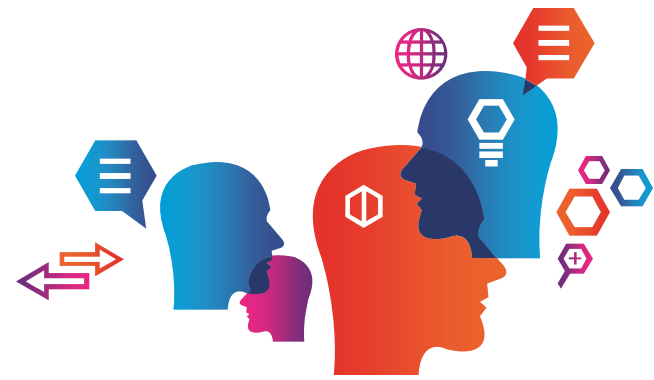


Your partner / family members know **HOW**
and has **enough cash** to settle the loan ?

Agenda



Options



3 ISSUES to resolve :



Settlement of **loan / personal guarantor**



Preserve **fair value** of Business



Transfer of business ownership

SUCCESSION
and inheritance are unavoidable issues, says Mrs Ng, who suggests a two-pronged approach.

- ◆ Plan for who will take over the business or assets.
- ◆ Work out a structure to minimise taxes.

TRUST

Control of the business is passed to the trustee, who then allocates the dividends to the children of the families in a proportion set by the business founder.

HOLDING COMPANY

The children are given direct shares in the business. In other words, they have control.

NO RUNNING AWAY



The best time to talk about succession is when everyone is healthy, young and happy, says Mrs Ng.

Businessmen's tardy ways bring grief to heirs

Instead of procrastinating, they should work out plans on who will take over the business or assets and which will minimise taxes

By TAN HWEI ANN

BITTER quarrels over who inherits what in a will, family disputes over who controls the business, not to mention brushes with the tax authorities — it all sounds like the stuff of a television soap opera.

But think again, because dramatic events such as these happen in real life, says Arthur Andersen's succession-planning expert.

For tax director Juliana Ng, these are the life stories that she hears from clients ranging from small businessmen to big-name patriarchs of companies.

And the reason families are torn apart when it comes to matters of inheritance?

Sad planning — that is, if anyone even bothered to do any planning.

Typically, people procrastinate, said Mrs Ng.

"They feel that there is no need to plan for the future, and then they come to us when things have gone wrong, such as illness or disharmony within the family."

But really the best time is when everybody is

healthy, young and happy."

Moreover, succession and inheritance are not issues that can be avoided.

As the old saying goes, only death and taxes are certain — and in the case of

that, is because a will is usually not flexible enough to deal with the constant changes that life brings.

Furthermore, a will usually means that all the assets listed there are taxable.

In most family businesses, the owner, with or without his wife, will still own all assets, including investments such as shares and residential properties.

If nothing is done, all the assets will be subjected to taxes, she said.

Setting up a holding company where shares are given directly to the children is very old-fashioned. That is usually the cause of the court cases."

She explained: "A lot of the time, the attitude of the children is to cash out."

And that may not be what a founder, for whom the company has involved much blood, sweat and tears, would want.

As for trusts, although it is possible for the children to

control the company, it is not a good idea to have them as chairman or as a director but have no direct interest", she suggested.

Assuming this is done, is a trust a better structure to have than a holding company? And how does one differ from the other?

A trust is when control of the business is passed over to a trustee or trustees — some-

times as normal, or, if he started to show signs, "the solution could be for the family founder to retain interest as chairman or as a director but have no direct interest", she suggested.

And that may not be what a founder, for whom the company has involved much blood, sweat and tears, would want.

As for trusts, although it is possible for the children to

Instead of Procrastinating, they should work out plans on who will take over the business or assets and which will minimise taxes



What other **options** or **solutions**
You have in mind ?

Settlement of **loan / personal guarantor**

» **OPTION** for your business ?

 Fire sell your asset



Or any **better solution ??**

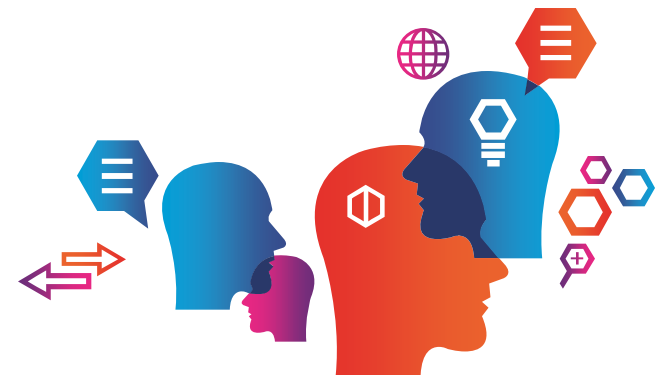
» **Buying over your partner's share, which options you prefer ?**

-  **Own fund**
-  **Bank loans**



Or any better solution ??

We have **creative solutions**
for your business !



How Can
We Help You
Today?



ZP-03-07, Zest Point
Lebuhraya Bukit Jalil
BK9, Kinrara, Puchong
47180 Selangor



603- 8071 8138



ask@PFAasia.com

YINIE TAN, IFP, CFP, *WEALTH COACH, Asset Preservation Specialist*
ask@PFAasia.com

PFAasia
匯智富盛財集團
SHARING WISDOM, BUILDING WEALTH