



Business Succession Planning

Some of the most commonly asked questions about Business Succession Planning are discussed on this page.

1. What is a Buy/Sell Agreement?

A Buy/Sell agreement is an agreement between the proprietors of a business that deals with how the ownership entitlements of the proprietors will be dealt with in events such as:

- a proprietor dies
- a proprietor is made bankrupt
- a proprietor is totally and permanently disabled
- a proprietor wishes to retire
- a proprietor continually defaults in his/her obligations to the business
- a third party offers to buy the business but not all proprietors wish to accept the offer

2. Why is a Buy-Sell Agreement advisable?

If, for example, your business structure is a company or a trust, you do not own the business itself but rather you own shares in the company that owns the business or have a beneficial entitlement in the trust that owns the business. A Buy/Sell agreement usually deals with your rights to deal with your interest in that entity. It may be difficult to locate a third party to purchase your shares or interest from you. A Buy/Sell agreement can for example, grant options to a proprietor to purchase other proprietors' interests or for the business to be sold or the entity owning the business to be terminated.

3. What Insurances do I need for my Business?

For most businesses the only business insurance you are required by law to carry is workers compensation insurance. However you would be foolish to neglect to cover other business risks.

The types of other business risks and insurances include:

- public liability;
- fire;
- product liability;
- business interruption/loss of profits;



- sickness and accident/personal disability;
- key person insurance;
- professional indemnity.

If you would like further information, or require assistance, please contact us on (02) 4731 5899 or send us an email by clicking on the 'Contact Us' page on our website.