



**Ajay Naik**

Corporate Financial Planner and IFA  
Bankfield Independent Financial Advisers

**I am still meeting business owners who say “My business is my pension”, but do not have a plan for selling the business or an idea of what would be necessary to make it saleable in 5 to 10 years time. Some businesses are not suitable for selling to a third party, as all of the activities of the business are tied up in the owners, say graphic designers or portrait photographers, but many activities could realistically be done by others.**

## Have you got an exit strategy for your business?

### **Q. So what is an exit strategy?**

Eventually we will all stop work, whether because of ill health, death or a formal, organised retirement. All of these are exit strategies, but some are more attractive than others and I would anticipate that most people would hope for a long and happy retirement. An exit strategy is setting the objective and planning to allow for the best possible outcome for the business owner.

### **Q. Assuming I have no plans on being dead, what should I do?**

Take a long look at your business and see if it could continue running without you. A clue will be what happens if you go on holiday? If you can be substituted by a manager for a long period and your profitability still holds up, your business could easily be sold as part of your retirement portfolio. If you cannot see how that can be arranged, then either your business is not suitable or you need to talk to a management specialist to separate the real barriers from your perceived ones. Ultimately, all of us are replaceable, just how can you profit from it?

### **Q. If selling my business is unrealistic, what should I do?**

Invest in assets that give you a passive income; one you receive whether you work or not. For most people the obvious passive income is a pension plan, but others might prefer rental income from residential or commercial property or interest from deposits or loans made. Over time, you need to take cash out of your business and put it in alternative assets; the most tax efficient is likely to be a pension plan, so ask about alternatives to just asking a pension company to manage your investments.

### **Q. If I can sell my business, where will I find a buyer?**

In an ideal world, you might find a buyer from your senior staff but this is unlikely to happen for the vast majority of business owners. For most, they will need to look to a competitor or another business in a similar market, who could add your business to their portfolio. Selling your business is likely to take some time but this will be reduced if you have a clear idea of what you are selling, can show that there is a sustainable level of profit and can deliver a business capable of being run “hands-off” by the new owners.

### **Q. What about tax reliefs?**

Being an entrepreneur has some perks as the taxman recognises that you need to be rewarded for taking personal investment risks. If you sell to retire then a large proportion of the sale price will be free from Capital Gains Tax. This is an area where planning and professional advice will protect a lot of your money.

*The information above is for reference only and does not constitute an offer or personal recommendation of any kind. A pension is a long-term investment. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation. The fund value may fluctuate and can go down. Tax legislation can and may change in the future. The Financial Services Authority does not regulate business advice.*

**For advice and guidance on our wide range of financial services call Bankfield now on 0116 253 5600 or visit [www.bankfield.net](http://www.bankfield.net)**



because we know what's important

**We have just launched our booklet,  
“Financial Planning for Business Owners”,  
so ask us for a copy either by ringing 0116 253 5600  
or send an e-mail with your contact details to:  
[leicestermercury@bankfield.net](mailto:leicestermercury@bankfield.net).**