

Where there's a will – there's a way

I have recently been involved in a number of projects -- both personal and professional -- that got me thinking about the importance of a clear plan to manage succession and transfer of assets between generations.

This has highlighted the importance of understanding the principles of asset transfer and getting quality professional advice. Knowing your options and understanding how to get them to work for you and your family is fundamental to a smooth outcome in this delicate area. While the law and consequent choices are different either side of the Tasman, the ingredients for success are the same.

This is an aspect of management that works best if time is your ally. Leaving it to the last minute it is not an option. Not dealing with it at all risks decisions made in a stressful environment or worse, others implementing outdated wills that have been overtaken by personal and family developments.

As with most business strategy, getting this right means beginning with the end in mind. With time on your side you can work out how you want things to be and learn how you can deliver the best for surviving spouses, business continuation and equitable outcomes for extended family.

One strategy I favour is to segment the business between personal "retirement" assets and the remainder to managed with a more entrepreneurial and higher risk approach. This separation is all about managing risk and providing certainty. It offers an opportunity for self-determination and autonomy. With mortgages, other lending securities and personal guarantees excluded from the retirement assets there is a genuine chance to enter senior years relatively worry free.

The remainder can be possibly be transferred earlier to the next generation. A more entrepreneurial and aggressive approach management of these assets can then be adopted without risking the long term of those who have worked so hard to build the business.

Understanding the functions of trusts, companies and other entities and their interplay with wills is also important for effective planning. Initially these can be difficult to comprehend -- especially if you are the partner who has been focused on raising a family or an off farm career. This is no reason to opt out. It simply makes it more important to get the right professionals on board to explain simply and clearly just how things work.

Don't allow yourself to become baffled with plans that you don't understand. Continually review to make sure the plan recognizes changes in personal circumstances, maturity and goals of the next generation.

That's why I expect top professionals to be proactive in this area. Often there is too much going on for the business owners to see the need for planning or identify appropriate timing.

When this is overlooked and assets increase beyond original expectations, there can be real pressure to complete transfers and structural changes that will endure. Early discussion, full understanding and regular reviews are the only remedy.

It's hard enough to make a fortune. Perhaps surprisingly, it's even harder to give away.

Making an early start on a plan that reflects your values, your family and your wishes for the future with the help of professionals who can talk your language and will work with you until you do understand is a great start

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