

Bukovy Financial Services

Presents



A Business Owner's Guide To:

Business Protection Strategies!

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About Us

Bukovy Financial Services is a financial services company that focuses our expertise on aiding business owners to understand and implement little known benefits and tax strategies within the Income Tax Act. We work with our client's trusted and established team of professional advisors in three main areas:

1. Increasing their cash flow
2. Decreasing their Tax Liabilities
3. Increasing their Retirement Benefits and minimizing tax payable

This diversified approach creates a unique cross function focus on both the personal/family and business situations of the business owner to maximize results and benefits.

The Bottom Line

At Bukovy Financial Services, we clearly understand our clients' needs. We strive to provide the guidance and clarity we would look for as a client, and we are committed to giving service beyond expectations.

Bukovy Financial Services adds excellent value. With over 30 years of providing first-class solutions and great service to business owners in the Thunder Bay area.

“Business Owner Helping Business Owners”



A Business Owner's Guide to Business Protection Strategies!

Introduction

As a small business owner and entrepreneur, you are already aware of the overwhelming amount of effort it takes to make your enterprise profitable. In fact, many small business owners have not taken the time to prepare a personal financial plan that suits their circumstances.

Over the thirty years of being a business owner myself, I've found that while the needs of every business owner are unique, there are a number of issues and needs that are common. These issues typically include:

Small business owners need:	Business	Personal
<u>Protect the business</u> - ensuring the business is in a position to continue is critically important should the unexpected happen to the owner or a key employee	✓	
<u>Explore tax-effective strategies</u> - taxes are one of the top concerns or "pain points" of small business owners	✓	✓
<u>Manage costs effectively</u> - making cost-effective decisions can help free up funds to support growth or other objectives	✓	✓
<u>Reduce employee turnover</u> - employee benefits can help business owners retain good people	✓	
<u>Protect assets from creditors</u> - creditor protection strategies to protect their personal assets against creditor claims		✓
<u>Design a succession plan</u> - it's never too soon to develop strategies for transferring ownership of the business when the time comes	✓	✓

I Can Help

My experience can assist you:

- Protect your business' value
- Use business dollars to build your personal net worth

Protecting Your Business' Value

Your business is like a “goose that lays golden eggs. You protect the goose so the golden eggs can keep coming. Your business interest is likely your most valuable asset. A decrease in its value could have a big impact on your life.

Protecting your business is a four-stage process:

1. Determine how much it is worth
2. Identify the events that could harm it
3. Develop effective contingency plans for these threats
4. Back up your plans with adequate resources

Plan for normal business calamities and unexpected events:

- An owner's death
- An owner's disability
- Death or disability of a key employee
- Losing a key employee to a competitor

Your business is your most valuable asset; it provides your financial foundation.



Suppose You Die Unexpectedly?

- **There is a plan:**

- What does it say?
- When was it created?
- What value does it place on your interest?
- Is there enough money backing it up?
- Does it make sense?

- **There is NO plan:**

- Who makes decisions?
- Will customers stay loyal?
- What will happen to your business interests?
- Will your key employees stay or be hired away?
- How much business value will disappear?

Did You Know?

Life Insurance can be a cost effective solution to:

- Ensure the continued operation of the business
- Provide security for creditors
- Provide business loan protection
- Protect against the loss of a key employee
- Can be funded with tax efficient corporate dollars?
- Ensure loved ones receive full value for your business?

Life Insurance keeps a business in the family.



Suppose You Become Disabled?

- **There is a plan:**

- What does it say?
- When was it created?
- Who will do your job?
- How long will your salary and benefits continue?
- Is there money backing up the plan?

- **There is NO plan:**

- Who will do your job?
- Will customers stay loyal?
- Will your key employees stay or be hired away?
- What will be the impact on profits
- How long will your business survive?

- **Did You Know?**

Business Expense Insurance will allow the office to continue to function during a period of disability by covering costs such as:

- Rent
- Employee salaries
- Interest payments for business loans
- Utilities
- Other office expenses



Suppose You Want to (or have to) Retire?

- **There is a plan:**

- How does it work?
- Does it still make sense?
- Is it in writing? When was it last reviewed?
- What value does it put on your interest?
- Is there money backing up the plan?

- **There is NO plan:**

- Who'll buy your interest?
- What will be the price?
- Where will the money come from?
- Could this create conflict among family members?

- **Did You Know?**

- A Business Succession plan is the best way to ensure you get all you want out of all the work you've put into your business
- Having a proper will in place that is in line with your business plan is vital to your preparations.
- Your will should take into account tax planning, while providing for your spouse's future and for the business to be passed on to your successor.
- Your will should also provide for those children who will not inherit the business
- Other considerations include passing your business to your child now, on retirement or death



Protecting / Motivating Your Key People

- You probably have special employees whose skills are critical to long-term profitability
- Your economic security may depend on their commitment to stay with the business
- The unexpected loss of a key employee can reduce business value and profits for years
- Key employees are among valuable assets

A Key Employee's Death or Disability

- **There is a plan:**
 - How will the work be reallocated?
 - How long will it take to find a good replacement?
 - How long until he/she is up to speed?
 - How long will pay continue?
 - What will the impact be on revenues and profits?
- **There is NO plan:**
 - Will you have to take over the key employee's job?
 - Where will you find a good replacement?
 - How will you recover lost revenues and profits?
 - What will be the impact on you and your retirement?



Losing a Key Employee Can Be Devastating

What would it mean to your business if your most valuable employee was hired away by a competitor, died, or became disabled?

- How much harder will you have to work?
- How much business will he/she take with them?
- How much will it cost to hire/train a new person?
- Will the value of your business decrease?

Good Incentive Plans Keep Key Employees Happy & Productive

- **A well designed incentive plan does these things**
 - Recognizes the key employee's contributions
 - Rewards superior performance
 - Increases the rewards the longer the key employee continues to produce
 - Recovers some or all of the plan's costs
- **Commonly used key employee incentives include**
 - Long Term Disability Coverage
 - Extended Healthcare Benefits
 - Critical Illness Protection
 - Individual Pension Plans
 - Life Insurance Protection



I Can Help You Protect Your Business Value

- **I can help you get the most for the time, money and emotion you've put into your business**
- **I can help you protect its value:**
 - Review alternatives for estimating its current value
 - Test your contingency plans to make sure they work
 - Analyze alternative for funding your plans
 - Help you keep your plans up-to-date

What I Need From You

- **To assist you, I need some information:**
 - Organization: What is your business' legal structure?
 - Taxation: What are your business and personal marginal income tax brackets?
 - Ownership: Who are the principal owners and what percentage does each own?
 - Advisors: Who are your legal and tax advisors?
 - Current Plans: What have you done so far?

Next Steps

- **Wise business owners hope for the best, but they plan for the worst**
- **If something happens, they are prepared**
- **Where would you like to start?**
 - Review current business protection plans, or
 - Protect against the loss of key employees

Final Comment:

Over the 30 years of being a business owner myself, I've found that while the needs of every business owner are unique, there are a number of issues that are common on which I can provide advice:

- **Building personal wealth** - how to convert some of your business's excess income into personal investments
- **Minimizing taxes** - how to withdraw retained earnings out of your business without incurring a large tax bill
- **Estate Planning** - issues you'll need to consider ensuring the smooth, tax-efficient and organized transfer of your assets to heirs.
- **Retirement Planning** - helping you enjoy a financially secure retirement by combining succession planning with tax-advantaged retirement planning

If you would like to learn more about the strategies mentioned in this free report, please contact my office to arrange a complimentary consultation. If you are currently too busy to meet during regular hours, my schedule is flexible and we can arrange a time to meet at your convenience.

Please visit our website at: <http://www.bfinancial.com> for more information about our services and friendly staff.

I wish you the best in your current business protection strategies.

Ray Bukovy CFP® CPCFA



Our Personalized Range of Services

Business Risk Planning

Today's business owners are faced with a complexity of issues and are generally too busy building their enterprise to take the time to deal with the risks that can devastate their efforts. Many issues, such as Buy-Sell Agreements, Holding Companies, Corporate Owned Life Insurance, Estate Freezes as well as many Tax and Estate issues are best dealt with by a professional who shares your business concerns and has the experience to eliminate the risks.

Tax Planning & Preparation

"Ouch!" Taxes are a very touchy subject with most business owners especially since the tax system is highly complex and can be very frustrating. This is an area that is best left up to the experts. Therefore, we use tax experts to assist us in making effective recommendations for our clients.

Insurance Planning & Risk Management

Insurance Planning ties into financial planning by uncovering and verifying your insurance needs without leaving you to unknown vulnerabilities or unnecessary coverage. The world of insurance planning has evolved to encompass a wide range of solutions including Life, Disability, Critical Illness and Long Term Care Insurance.

Strategic Alliances

We recognize the unique nature of a business owner's financial situation. Therefore, we use strategic alliances with specialists in related areas to ensure the most appropriate solutions are found. In addition, we have strong relationships with major financial institutions, accountants and lawyers to aid us in our search for the best possible solutions for our clients.

Retirement Income Planning & Investment Planning

Your Retirement: Panic or Peace of mind? Do you have a retirement plan? Are your investments structured to best manage market downturns? Our RIP (Retire in Peace) Planning Process enables you to answer these questions. Retirement Planning enables us to clarify what will be most important during your retirement and formulating a plan that best suits your needs. With your goals and objectives as the foundation of the plan, regular monitoring and in-depth annual reviews you can rest assured your future retirement will encompass everything that is important to you... while providing peace of mind today.

Estate Planning

Wills, Power of Attorney, Probate, Estate Taxes, Charitable Donations, Creditor Protection and Business Succession Planning are but a few factors involved in the area of estate planning. As complicated as it may be, estate planning is an intricate part of the financial planning process and can alleviate stress and confusion during difficult times.