



Business Owner Benefits

S&P
SMITH & PINCHING

The Name
You Can Trust



Who we are and what we do

Smith & Pinching are Chartered Financial Planners based in Norwich. We specialise in corporate and employee benefits for businesses and financial planning / wealth management for individuals.

Our employee benefits/corporate team advises companies, big and small to implement and maintain plans for them and their staff.

We like to create long term relationships with our clients and we currently look after over 150 corporate clients across varying industries.

Keeping on top of regulations as an employer and meeting employee's expectations is an ongoing part of corporate life. Our approach is to help you tackle these challenges, to focus on your requirements, managing the costs and lifting the burden of these issues from you.

Whatever your need, we will assess the marketplace and make independent detailed recommendations based on the most suitable solutions, costs and service levels.

We will implement and maintain those solutions, providing ongoing support and administration.

Your business continuity

As a business owner, you have worked hard to get to where you are today and it's important that the cashflow for your business is protected. We can offer a free financial review to ensure that everything is in place for this - making sure that your business can continue to function - even if the unexpected happens.

Cashflow is the lifeblood of your business and many components are reliant on cash. For example, stock, employees, overheads, debts, sales, etc. In addition, this cashflow provides you with your lifestyle and company benefits.

Whilst most businesses will insure against flood, fire, public liability etc, there are other areas of risk that could affect you. It's important to consider the people who are responsible for the profit and cashflow of the business which can include you are the business owner(s) or key employees.



Questions to consider

Business continuity:

- Who contributes to the business profits?
- What would happen if that person(s) were no longer around?
- Would you have the cash to survive? How quickly could you get this and where would it come from?
- Does your business have liabilities or loans from directors/partners? Are these subject to personal guarantees?

Business succession:

- Do you have a business will?
- Do you have an exit strategy?
- Do you know the value of your business?
- What do you want to happen if you were to die or have a serious illness?
- Do you want your Articles of Association/Partnership agreement say?
- Do you partners/shareholders want your beneficiaries or competitor to join the business?
- Can the remaining business owners buy your share of the business?
- Do you have an agreement in place, is it effective for inheritance tax?
- When were your arrangements last reviewed?

Sole Trader

If you are a sole trader, you may not be concerned about continuity and succession. However, you may have personal needs, such as income protection, mortgage protection, personal loans, family protection and inheritance tax planning.



Retirement planning

We can help you with looking towards your retirement and how you would like to spend it.

We can provide you with details of your current provision, which not only includes your pensions, but your exit strategy from your business and any other assets including savings, investments, property. We will create a plan for you that incorporates these assets and your personal goals for retirement. We can recommend any steps that you need to make to achieve your goals and advise you the best way to use these assets in retirement.

We will ensure that you make the most of the tax allowances available and also assist you with planning should you have concerns regarding the pensions lifetime allowance or tapered annual allowance.

Buying a business property with your pension?

You may be able to buy your business property using a Self Invested Personal Pension (SIPP) or Small Self Administered Scheme (SSAS).

Rent that you pay to your business premises is often seen as lost money. As a business owner, using your pension to own your business property may be beneficial.

Most SIPP and SSAS providers will allow the purchase of commercial property such as offices, retail units and factories. Generally, you cannot invest in houses, holiday homes and holiday lets. However, there may be a possibility that a show with a residential flat above could be considered. The property can be leasehold, freehold or commonhold, but it may be difficult to arrange if there is a short term lease.

The benefits of holding business premises in your pension are that:

1. Income tax is not paid on rent received
2. Capital gains are not paid on any increase in value if the property is sold
3. It is outside your estate for inheritance tax purposes
4. As rent accumulates within your pension, it is then available for investment into non-property assets
5. Rent is paid into your pension rather than to a third-party
6. Rent is treated as a company expense so reduces corporation tax payable or income tax if you are a partnership or self-employed
7. If the business fails, your property is protected from creditors
8. It retains control as it reduces the possibility of a landlord - increasing rent above market value, selling the property or being forced to move premises

You can use your pension funds that you've already accumulated, make further contributions and also borrow up to 50% of the value of your pension (less any existing borrowing). You can also purchase a property with someone else, for example, your spouse or business partner and this does not have to be in equal shares.

There are costs involved with this process both initial and ongoing. Also, owning a property may mean that it would take time to sell and may increase investment risk within your pension particularly if this is the only asset. Market rent has to be payable. If your business fails and a tenant could not be found there would still be ongoing costs to pay.

We can help you decide whether buying your business premises with your pension is right for you and your circumstances.



Thinking of selling your business?

If you have spent years building up your business and are at the point of selling, you may want to consider how much you'll need for your retirement. This will be helpful if you are not offered what you are expecting for your business. You may then consider either carrying on working (possibly part-time) or make lifestyle changes to reduce your expenditure. We can assist with providing you with this benchmark and also with planning different scenarios.

You will also need to consider your tax bill. It is important to make use of your accountant for tax advice and discuss whether you are eligible for Business Asset Disposal Relief as this will reduce your capital gains tax rate. For the very risk tolerant you may consider deferring the capital gains tax payment in an Enterprise Investment Scheme which also maintains the inheritance tax exemption under Business Relief and qualifies for 30% tax relief. However, these investments are high risk and the amount of capital that is returned is not guaranteed at all.

In the short-term, you should consider where to hold the proceeds of your business sale, An option is using National Savings and Investments as all accounts are underwritten by HM Treasury and they are not restricted to £85,000 per person per banking license.

We can help you with the investment of your business proceeds and ensure that you are positioned to meet your goals.

Corporate Investment

Within your business, you may find that you have more capital than you need in the short-term. If you decide not to distribute this capital or use it within the business then it could be invested rather than leaving the funds on deposit.

You will want to retain a healthy amount of capital to ensure a smooth cashflow, to act against unforeseen problems or bad debts and to have funds for future capital expenditure or strategic investments. However, historically low interest rates mean that you may be struggling to obtain meaningful returns on cash deposits.

We can help you with obtaining better returns on corporate funds and working capital.

We will agree how much risk, if any, your business is willing to take and the timescale for investment. This will allow us to create a plan for you, potentially using fixed term deposits and longer-term investments.

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