



“Plan today, protect tomorrow”

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Business debt- the hidden danger

Most owners use debt as the means to finance their businesses, and financial institutions are only too happy to oblige- provided of course you have the necessary security. For too many business owners that security is- more often than not- the family home. Irrespective of the trading entity you operate your business under, financial issues in your business may place your family home at risk. And when it comes to the urgent or forced sale of a property, you may not get the price you might have been hoping for.

One fact we can't escape is personal guarantees do not die or become disabled with you- they remain in force. And “joint and several liability” can result in an entire debt being recovered from you, leaving you to get portions back from business partners.

Life insurance products provide one of the most simple and cost effective vehicles for clearing debt should a catastrophic event occur. (By ‘catastrophic event’ I mean your death or your total and permanent disability to the extent that you can never return to your business).

If you haven't taken steps yet to protect you and your family from your business debt, don't feel alone. Recent research findings released by Zurich Australia showed a staggering 83% of business owners had not done so. But please don't let that make you feel complacent. There is simply no reason to leave matters to chance, and put at risk everything you have worked so hard for.

Putting a plan in place providing for business debt protection today can help you address:

- External debts, eg loans, overdrafts, leases etc
- Internal debts, eg loans from shareholders, and
- The release of personal guarantees.

And it can go a long way to providing you and your family with certainty, security and peace of mind.

If you would like to know more, or if you would like me to help you put such a plan in place to help you manage this risk, give me a call.

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