

# COMPLETE SUCCESSION RISK ANALYSIS WORKSHEET

Illustration of Changes of Apportionment of Sum Insured to Reflect Changes of Needs Over Five Years

Insurance Company Pays Total Sum Insured to Trustee (Policy Owner) →						Trustee Pays↓
	PURPOSE	AMOUNT OF EACH COMPONENT			NOTES	RECIPIENTS
		Year 1	Year 3	Year 5		
ASSETS +	Pre-agreed Sale Price of Equity	\$400,000	\$500,000	\$700,000	Funds 100% of Pre-agreed Sale Price	Vendors
	CGT on Pre-agreed Sale Price	\$100,000	\$125,000	\$175,000	Funds CGT liability of Vendors	Vendors
	Stamp Duty, Legal & Accounting Fees	\$32,000	\$37,000	\$55,000	Funds transactional costs	Business
LIABILITIES +	Bank Debt, Lease & Other Liabilities	\$200,000	\$100,000	Nil	Facilitates release of Personal Guarantees and Securities	Creditor
	Loan Account	\$100,000	\$100,000	\$100,000	Repays debt owing between Business and Insured Person	Creditor
	Key Person (Income)	\$100,000	\$100,000	\$100,000	Funds costs of replacement or loss of income	Business
	Key Person (Capital)	\$167,000	\$167,000	\$167,000	Compensates Purchasers for loss of capital value	Continuing Proprietors
PERSONAL =	Personal Loans (Home Loan, Equity Loan, Other Liabilities)	\$101,000	\$91,000	\$81,000	Repays personal debts	Insured Person (Debts)
	Living Expenses (See Personal Needs Analysis Worksheet)	\$600,000	\$580,000	\$422,000	Capital required to fund living expenses less Net Sale Price (after CGT) and other investments	Insured Person (Living Expenses)
	Future Sale Price Provision	N/A	N/A	N/A	Provision for anticipated growth of Sale Price in short-term (if Personal Cover not sufficient to fund growth)	Insured Person
	Self-Managed Super Fund Needs	Nil	N/A	N/A	Personal Cover in Super Fund	Self-Managed Super Fund
<b>TOTAL</b>		<b>\$1,800,000</b>	<b>\$1,800,000</b>	<b>\$1,800,000</b>	Total is collected by Trustee and distributed to Recipients.	