

COMPLETE SUCCESSION RISK ANALYSIS WORKSHEET

Explanation of Potential Changes in Each Component of the Total Sum Insured Held on One Policy

Insurance Company Pays Total Sum Insured to Trustee (Policy Owner) →			Trustee Pays↓
	PURPOSE	NOTES	RECIPIENTS
ASSETS +	Pre-agreed Sale Price of Equity	If there has been any change in the amount or value of the Proprietor's Equity since the last Agreement (whether an increase or a decrease), the Pre-agreed Purchase Price should be changed. If at the time of a claim no change has been made for a number of years, the ATO might consider that the Pre-agreed Purchase Price is no longer an "arm's length" valuation. If the ATO disputes the agreed valuation, it might result in a higher Capital Gains Tax liability than has been allowed for. This will result in a lower total payment to the Life Insured's estate or Related Parties (after tax).	Vendors
	CGT on Pre-agreed Sale Price	If the Pre-agreed Purchase Price has changed, there will be a proportionate change in the Capital Gains Tax payable with respect to the Purchase Price.	Vendors
	Stamp Duty, Legal & Accounting Fees	If the Pre-agreed Purchase Price has changed, there will be a proportionate change in the Transactional Costs.	Business
LIABILITIES +	Bank Debt, Lease & Other Liabilities	If the amount of any debt owing by the Business to external creditors has changed, the amount of this component should be changed (if the intention is to fund the repayment of 100% of the loan). If this component exceeds the total amount of the debt, the ATO may treat the excess as taxable income (rather than a tax-free capital payment).	Creditor
	Loan Account	If the amount of any debt owing by the Business to the Life Insured (or vice versa) has changed, the amount of this component should be changed (if the intention is to fund the repayment of 100% of the loan).	Creditor
	Key Person (Income)	Have there been changes in the salary cost of a replacement for the Key Person?	Business
	Key Person (Capital)	If the Pre-agreed Purchase Price has changed, there might be a proportionate change in the Reduced Goodwill component (e.g., if it was estimated that the total value of the Business might be reduced by 20% of the Pre-agreed Purchase Price, because of the loss of the Life Insured as a Key Person). Alternatively, there might be no loss of Goodwill, if there are staff who can preserve the Goodwill .	Continuing Proprietors
PERSONAL =	Personal Loans	If there has been any change in the amount of the Personal Loans, this amount should be changed.	Insured Person
	Living Expenses	If there has been any increase in the Pre-agreed Purchase Price (or the Capital Gains Tax with respect to the Purchase Price), the Personal component can be reduced by the amount of the increase. Alternatively, the Total sum insured can be increased. If there has been any reduction in the Pre-agreed Purchase Price, the Personal component can be increased by the amount of the reduction.	Insured Person (Living Expenses)
	Self-Managed Super Fund Needs	Provision for any of the above Personal Needs that are appropriately dealt with in the superannuation environment.	Self-Managed Super Fund
	Future Sale Price Provision	This provision might change if it has been used to fund any increase in the Sale Price or any other need.	Insured Person
	TOTAL	If the Total Sum Insured has changed because of a CPI adjustment or proposed change of the Sum Insured , the new/proposed Total needs to be inserted.	