

MLC Licensee Services - Risk Innovation Video Pod cast

Topic: Technical and legal support



Jon de Fries
MLC Risk Specialist
Network

My role is all about providing strategic advice. So the insurance is just one of the funding mechanisms for the client's estate plan, their business succession plan or their retirement plan.

Chris Tsovolos
Bartier Perry

Most advisers in the industry are focused upon the sale of the product and not the ultimate solution for the client and that is entirely the opposite position which the Risk Specialist Network is taking.

The product is not necessarily a goal of the advice, it is actually an end output, which may arise, if it's appropriate having regard to the strategy. And in that regard the team and the various members which I've dealt with are constantly up-to-date.

I'm aware they do regular bulletins, do regular training, updates are available and they're pro-actively managing their team to make sure they're aware of the latest developments and new ways to service their clients.

Jon de Fries

So few businesses have a succession plan documented and in place. I think it's probably lucky to be one in ten and if you're looking at family businesses it's even less. Now that I guess provides a huge opportunity for advisers.

It provides a huge opportunity for accountants to provide more, a complete service to their clients. And more significantly it provides a huge opportunity for small business owners to plan, instead of getting caught up in day to day activities.

Chris Tsovolos

Getting to an age where more and more are looking to pass on the reins to the next generation. Now a lot of these involve family small businesses and these have often been overlooked by business succession planning, although not by the Risk Specialist Network.

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Chris Tsovolos

That is probably one of the most interesting trends because most business succession planning opportunities, from a market growth opportunity, are now actually servicing a family business and providing the means by which they can have an inter-generational transfer from dad, mum through to the next generation.

And also structuring it from an asset protected format as well as ensuring the cash flow liquidity is there and everything else is structured appropriately.

It's a real growth area. It's very exciting because not only do you get to be involved in a very productive opportunity, you get to meet the next generation and a lot of these people have a lot of emotional ties back to the family business, and assisting them to keep it alive through to the next succession is a very fruitful exercise.

Jon de Fries

The typical call I will get from an adviser is "I've got a quick question Jon". But the answer, how long is the answer going to be. It could be anything from one or two hours on the phone to a ten page document going through all the aspects, from their 'very quick question'.

I help them with all their enquiries. I certainly help them in the areas of business growth as well. So I've been very busy along with the other members of the network. Going out to speak to accountants to make sure they understand the importance of business succession planning and estate planning too.

Chris Tsovolos

Another level of involvement is to be actively involved in the education of advisers who are joining the Risk Specialist Network. And being part of that two day specialised training course and walking them through the strategy issues, the legal issues, the risks, the pitfalls and a lot of practical examples that they'll find from time to time.

Jon de Fries

They also need to be across a range of issues such as in the case of business succession advice; entity structures, the type of agreements that underpin business succession planning such as shareholder agreements, unit holder agreements, family trust deeds as well as buy-sell deeds.

There are a range of associated issues they need to be on top of such as capital gains tax, power of attorney, superannuation - will they hold their insurance in superannuation or not and many, many more issues.

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Chris Tsovolos I'm part of the panel which is there to help advisers with technical assistance. From simple queries they might have right through to document preparation and advanced strategies. So that their solutions and the advice that is being put into a legal framework ultimately, if and when the succession strategy needs to be called upon, it can actually be productively done.

Jon de Fries I think the importance of the legal panel is demonstrated when I sometimes have to deal with generalist lawyers or solicitors who try and act in this area.

 Their idea for example of a buy-sell agreement is one clause in a shareholders' agreement which is clearly insufficient to cover all the aspects you need to cover in terms of business succession. It's been really valuable to engage with the legal panel and they bend over backwards to really assist our advisers with the best outcome.

Chris Tsovolos And the last aspect is to actually be part of a panel of members and to be able to provide sometimes very straightforward simple assistance from advisers who might ring up and have a simple question, to getting involved in detailed discussions and to ultimately often preparing documentation for the purpose to the products which might be relevant for the strategy.

Jon de Fries Our business to accountants is one on one. But in many cases, we'll typically have an agenda for accountants to basically get a chance to see a member of our legal panel in action and typically we'll get the member of the legal panel in to talk about planned succession events.

 So it's not all about unplanned succession events, like death or disability, we also look at the planned events too. That may be anything from a resignation or retirement of a member, so to think about succession in the broader sense of a word.

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Chris Tsovolos

We work a lot with the accountant to show to them so that they have a level of confidence that the adviser their working with is tax aware of the issues that are involved and that the client strategies they'll be receiving, will be on top of the taxation issues. So there are no inadvertent taxation issues arising.

We do that by doing seminars together with the Risk Specialist Network to key accountants to work with referrers by being available to those accountants just like an adviser who might ring up as part of the Risk Specialist Network.

Also being open to take those calls from the accountants who work with the advisers who are part of the Risk Specialist Network. So that at the end of the day, it's all three different disciplines working together to get the right solution for the client.

Jon de Fries

We in the network are very active. We get out there and into the advisers businesses and into their centres of influence such as accountants and general insurance brokers to help them. We're very much on our feet in terms of support, and we're focused on the growth of their business.

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