

Business ownership planning: agreements, protection and retirement

Prepared October 2026 | General information, not personal advice

Business ownership planning links legal transfer arrangements, appropriate protection and the owner's personal objectives. Shareholder insurance, relevant life cover and retirement funding address different needs. Review valuations, guarantees and company liquidity with the right professionals. An insurance payout or expected sale price does not by itself create a complete succession plan.

Important risks

Cover depends on policy terms, eligibility, exclusions and underwriting. Not every illness or inability to work results in a payment. Do not cancel existing cover before any appropriate replacement is confirmed and effective.

Tax treatment depends on individual circumstances and may change in the future. A general example does not establish your relief, allowance or tax liability.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

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Before you begin

Start with ownership and obligations. Ask what should happen after a planned exit, a death or an extended inability to work, and whether different mechanisms are needed. Map the household's reliance on the business as both an income source and an asset. Corporate legal agreements and personal financial plans should use consistent assumptions. Do not select a tax structure or policy before identifying the outcome and checking eligibility.

Terms in plain English

Defined contribution pension

An individual pot whose value depends on contributions, charges and investment results. The pot does not itself guarantee lifetime income.

How could shareholder protection help if an owner dies?

Establish who should be able or obliged to buy or sell shares and how the price would be determined. Check whether insurance ownership and payment arrangements support that legal mechanism. Revisit valuations as the business changes. Do not promise a smooth succession simply because a policy exists; agreements and funds must work together.

Decision boundary: Insurance payments may arrive in the wrong hands or fail to match the ownership agreement. Ask the adviser: Do the legal agreement, policy ownership and valuation method support the same outcome?

Sources: B01, B02

Could a relevant life plan be appropriate for a company director?

Start by confirming who is employed, who would pay premiums and who should receive benefits. Compare the cover need with existing personal and group arrangements. The accountant should review the company and individual tax position using current rules, while the adviser checks product eligibility and wording. Do not assume a particular tax saving before the accountant has checked the actual structure and circumstances.

Decision boundary: Eligibility or structure errors can undermine the intended cover or tax treatment. Ask the adviser: Which eligibility conditions apply, and who has verified the company and individual tax treatment?

Sources: B03, M05

How should business succession and personal retirement planning fit together?

Document the intended successor or buyer and the conditions needed for an exit. Test lower proceeds, a delay and inability to sell. Identify personal pension and savings resources that do not depend on the business. Death or illness may require a different ownership transfer from a planned retirement, so legal and protection arrangements need a separate review.

Decision boundary: The business may sell later or for less than expected, or may not be saleable. Ask the adviser: How would my retirement work if the exit were delayed or the proceeds materially lower?

Sources: B01, F02, M02

Is too much of my wealth tied to my own business?

Include the business, personal guarantees and property dependent on the business in a household balance sheet. Test a scenario in which income and business value fall together. Record assets outside the business and whether they are genuinely accessible. An uncertain business valuation should not be treated as equivalent to cash available for retirement or emergencies.

Decision boundary: A single business setback can affect earnings, capital value and personal liabilities simultaneously. Ask the adviser: How would our household cope if business income and sale value both fell?

Sources: F03, F02, B01

How should a franchise owner assess personal guarantees?

List guarantees and obligations by lender or counterparty, including the triggering events and release conditions explained by the solicitor. Keep the franchise agreement distinct from loan documents. Assess how illness, business failure or an exit would affect personal assets and income. Any insurance proposal needs to identify the debt or event it actually covers.

Decision boundary: A personal obligation can affect household assets even when trading takes place through a company. Ask the adviser: What could trigger each guarantee, and what would be needed to release it?

Sources: B01, B02

Your preparation checklist

- Align valuation and share-transfer documentation with insurance.
- Confirm relevant-life eligibility and tax responsibilities.
- Record personal guarantees and release conditions.
- Test retirement without the hoped-for exit proceeds.

Next steps

Ask the solicitor, accountant and financial adviser to state their respective responsibilities. A joint review should expose gaps between agreements and funding rather than assume a single provider handles everything. No personal or business outcome is guaranteed by this framework.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer

or legal arrangement.

Sources and further reading

B01: Royal London (insurer technical guidance, not neutral product endorsement) - A guide to business protection insurance

<https://adviser.royallondon.com/technical-central/protection-guidance/business-protection/a-guide-to-business-protection>

Retrieved 2026-10-02. Source publication date: 2025-09-09.

B02: Royal London (insurer technical guidance) - Business protection - Companies - Key person insurance

<https://adviser.royallondon.com/technical-central/protection-guidance/business-protection/business-protection-companies-key-person-protection>

Retrieved 2026-10-02. Source publication date: 2025-09-16.

B03: Royal London (insurer technical guidance) - Relevant life plan

<https://adviser.royallondon.com/technical-central/protection-guidance/relevant-life-plan>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

M05: MoneyHelper / Money and Pensions Service - What is life insurance?

<https://www.moneyhelper.org.uk/en/everyday-money/insurance/what-is-life-insurance>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

F02: Financial Conduct Authority - Investment risk and return

<https://www.fca.org.uk/investsmart/risk-returns>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

M02: MoneyHelper / Money and Pensions Service - What can I do with my pension pot?

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/pension-pot-options>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

F03: Financial Conduct Authority - Diversification limitations

<https://www.fca.org.uk/investsmart/diversification>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

Discuss your questions

For a discussion of your circumstances, contact Castle Stonebridge on 01246 308249 or visit <https://castlestonebridge.co.uk>. Any personal recommendation requires an individual assessment.