Fairstone IRELAND

Financial Planning for Business Owners

Structured advice. Strategic thinking. Long-term clarity.

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As a business owner, your company is often your largest asset.

But your personal financial future should not depend solely on its eventual sale.

At Fairstone Ireland, we help business owners build personal wealth alongside business success, using structured, tax-efficient strategies designed for today and into the future.

PLAN YOUR EXIT, ON YOUR TERMS

Every business owner will exit their business at some point, by choice or by circumstance. The real question is whether that exit is planned.

A structured exit strategy helps ensure:

- **Financial independence before sale**
- **Tax-efficient disposal of shares**
- **Clarity around succession**
- **Protection for family and shareholders**
- **Confidence in retirement income**

> **Exit planning is not just about the final transaction. It is about building flexibility and options long before that day arrives.**

MAXIMISE PROFITS, AVOID IDLE CASH

Many companies accumulate excess cash reserves over time. While this may feel prudent, leaving funds on deposit can create two issues:

Low returns
Deposit rates often fail to keep pace with inflation, eroding real value.

Close Company Surcharge exposure
Under current Revenue rules:

a 20%
Surcharge may apply to undistributed investment and rental income.

a 15%
Surcharge can apply to 50% of undistributed professional/service income.

Where appropriate, structured investment strategies can:

- Improve long-term return potential
- Reduce surcharge exposure
- Maintain corporate liquidity
- Align company reserves with long-term objectives

The key is ensuring corporate capital works efficiently.

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BUILD YOUR RETIREMENT FUND STRATEGICALLY

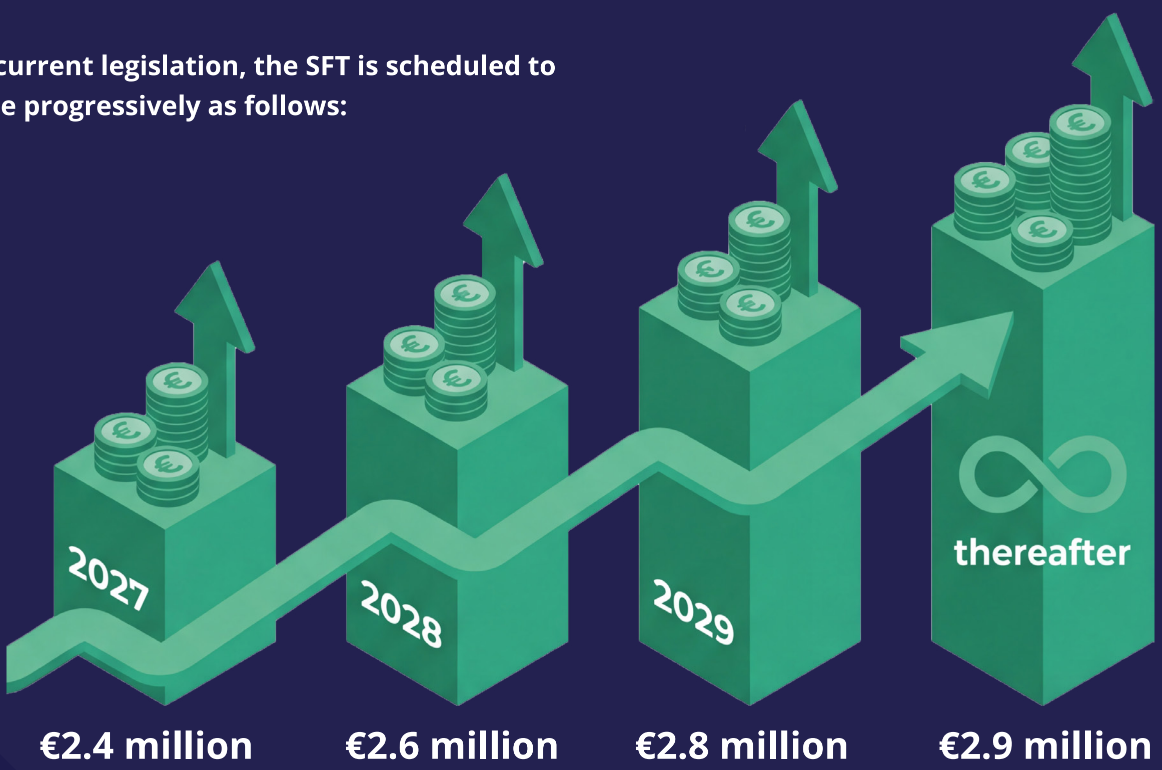
For business owners, pension funding remains one of the most powerful tax-efficient planning tools available. Done correctly, it allows you to move wealth from your company balance sheet to your personal balance sheet in a structured and tax-aware way.

Standard Fund Threshold (SFT)

The Standard Fund Threshold (SFT) represents the maximum tax-efficient pension fund that can be built up over a lifetime before additional tax charges apply.

- The current SFT is **€2.2 million.**
- Individuals with protected status may have a **Personal Fund Threshold of up to €2.2 million.**

Under current legislation, the SFT is scheduled to increase progressively as follows:

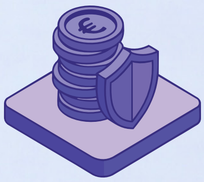


This planned increase creates a valuable window of opportunity for business owners to accelerate pension funding while limits expand.

> **Advance planning is essential to ensure contributions are structured efficiently and aligned with your long-term objectives.**

Retirement lump sum

At retirement, you may withdraw:



25% of your pension fund as a lump sum

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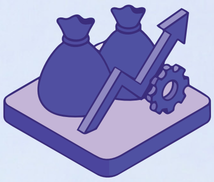

The first €200,000 (lifetime limit) tax free

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The next €300,000 taxed at 20%
Amounts above €500,000 taxed at your marginal rate

For example, a pension fund of €800,000 allows access to the maximum €200,000 tax-free lump sum (subject to previous lump sums taken).

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Employer pension contributions, a significant opportunity

Recent legislative changes have enhanced pension planning flexibility for business owners.

Employer PRSA contributions:

- **Are not subject to traditional age-related contribution limits**
- **Do not trigger Benefit-in-Kind for employees**
- **Are generally allowable for corporation tax relief**
- **Up to 100% of employee's gross annual income can be contributed to a PRSA by their employer each year, within Revenue guidelines**

This creates significant scope for structured, accelerated retirement funding, particularly for profitable companies with surplus cash.

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EXTRACT PROFITS IN A TAX-EFFICIENT WAY

Moving wealth from your company balance sheet to your personal balance sheet requires careful coordination.

Options may include:

- Optimised salary and bonus structures
- Pension contributions
- Dividend planning
- Holding company structures
- Retirement Relief planning
- Entrepreneur Relief (10% CGT on up to €1.5 million lifetime gains)

The objective is not simply to reduce this year's tax bill, but to manage lifetime tax exposure strategically.

PROTECT YOURSELF, YOUR FAMILY AND YOUR BUSINESS

Business continuity planning is essential. Consider:

- What happens if a shareholder dies unexpectedly?
- How would illness impact your income?
- Would the business survive the loss of a key person?
- Is succession clearly structured?

Protection planning may involve:

- Key Person Cover
- Shareholder Protection
- Executive Income Protection
- Specified Illness Cover
- Inheritance tax (CAT) planning

If transferring a business to the next generation, careful consideration must be given to:

- Capital Acquisitions Tax (CAT)
- Business Relief eligibility
- Revenue-approved life assurance solutions

Structured protection planning provides financial certainty, whatever happens.

COVER YOUR COST OF LIVING, INDEPENDENTLY

Many business owners rely solely on salary and assume the eventual sale of their business will fund retirement. This creates concentration risk.

Additional Planning Opportunities

Small Benefit Exemption

Under current Revenue guidelines:

- **Up to €1,500 per employee per year**
- **May be provided in up to five non-cash benefits**
- **Tax free when structured correctly**

A simple and effective planning tool for directors and staff.

HOW WE WORK WITH BUSINESS OWNERS

Our structured five-step process ensures clarity and alignment:

1. **Discovery & Financial Modelling**
We analyse your current financial position, business structure and long-term objectives.

2. **Protection Planning**
Safeguarding income, shareholders and family wealth.

3. **Pension & Investment Structuring**
Building tax-efficient personal assets.

4. **Profit Extraction Strategy**
Designing sustainable income planning.

5. **Exit & Succession Planning**
Ensuring your eventual transition is planned, structured and tax-aware.

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The Outcome

Our goal is to help you achieve:

- Financial independence from your business
- Tax-efficient wealth accumulation
- Reduced exposure to unnecessary risk
- Greater long-term clarity and control

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At Fairstone Ireland, we design strategies, not products. We partner with business owners to convert commercial success into lasting personal wealth.

To book a no-obligation business owner consultation, contact Fairstone Ireland.

Let's talk

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Sources:
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