How we help business owners on their wealth journey

By Fordham
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Running your own business is exciting, challenging and rewarding. It can also be stressful and very time-consuming. Many business owners are so focused on the success of their business that they neglect parts of their personal lives, especially their personal wealth. They work hard

to build successful, profitable businesses, thinking it will translate to personal wealth later in life. While this can be true, if you accumulate large amounts of wealth in your business but haven't planned how you will transfer the wealth to you and your family, this can cause serious problems.

Fordham and Perpetual Private work together to help business owners and managers with this and the other challenges they face. Fordham is an integrated accounting and financial services firm that specialises in helping business owners and managers to grow their businesses. Perpetual Limited (ASX:PPT) is an ASX-listed, diversified financial services company, which has been serving clients since 1886.

Together we look after both your business, and your personal, wealth.

The wealth journey for business owners

Every day we help business owners and managers grow and protect wealth both in their business and their personal lives. We call this The Wealth Journey. But really, it's two different, intertwined journeys. One is the journey of your business. And the other is the journey of your personal life. Both journeys have a wealth aspect, with two separate pools of assets. We name:

- Your business capital your "active" asset pool, and
- Your personal assets your "passive" asset pool.

Your business assets are subject to the ebbs and flows of doing business. They are inherently riskier and more fluid, carrying all the risks and rewards of your industry and business strategy. Your personal assets should be treated very differently. They should be progressively grown over time, in a much less risky manner, setting you and your family up for the life you want to live.

To do this we focus on progressively extracting wealth from your business, directing it into alternate structures that are insulated from the risks associated with your business. The easiest way of explaining these two intertwined journeys is with this diagram.



Source: FactSet

Your business, or 'active' assets

Your active asset pool primarily represents your business. It reflects the excitement, effort and return you receive as your entrepreneurial skills are put to the test. It's inherently risky too. Even successful business owners experience highs and lows as market conditions change, competitors arise, and new initiatives affect your short and long-term business performance.

At Fordham, we specialise in providing proactive, forward-looking, strategic advice to people who run or own businesses. Every business is different, and so is the advice we offer.

For some businesses, we advise them to focus on internal structures, controls and processes. We help them to build the best environment to support growth, increase profits and minimise tax.

For other businesses we help them to pivot or adapt to changing economic, business or personal circumstances. This could be by growing through acquisition, tackling succession or management issues, or trimming costs and increasing efficiencies.

Whatever stage of your Wealth Journey you and your business are at, we will advise you on the best way to grow and protect your business wealth and how to keep it separate and insulated from your personal wealth.

Your personal, or ‘passive’ assets

The passive asset pool is the personal assets of a business owner’s wealth which have been extracted from the business.

Given the risks and stresses that are often associated with owning a business, Perpetual’s investment philosophy for passive assets is simple: to first protect, and then grow, the personal wealth of our clients. We aim to minimise risk without sacrificing expected returns.

We do this by taking a long-term approach to investing and focus on:

1. Diversification across asset classes, industry sectors and individual investments.
2. Ensuring each investment meets Perpetual’s stringent quality criteria and standards.

Our team of investment specialists builds an investment portfolio that suits your specific needs for income and growth, your tolerance for risk and your unique personal situation.

Protecting your assets. Your ‘fire wall’

It is impossible to predict, exactly, how your life will evolve. In both life, and business, unexpected things happen – whether it’s a business deal gone wrong; an employee injured on the job; or a marriage or divorce. All of these things, and many more, can have a significant, material impact on your wealth and financial position.

While you cannot predict what will happen, you can minimise the negative financial consequences of unexpected events. You do this by preparing for them and having structures and strategies in place to mitigate issues that arise. Our asset protection strategies take into consideration a wide range of issues, including:

- Liability of directors
- Ownership of business assets and intellectual property
- Retained earnings within the business
- Ownership of personal assets
- Private investment structures including trusts and superannuation
- Risk mitigation through effective insurances
- Succession and estate planning.

Building a strong and effective firewall can quarantine your personal wealth from business and other life risks.

Fordham and Perpetual Private have been working together for over 10 years, helping business owners and managers to secure long-term financial freedom and peace of mind. We help clients to navigate their wealth journey, turning their business success into assets that safeguard the future of those they care about.

Whatever stage of the wealth journey you're at, we can help to relieve your concerns and give you back some brain space to help you get to where you want to be.

Case studies

Bill Cook and family, clients since 1958

Like many successful business owners, Bill is constantly facing the challenge of integrating his business and personal finance decisions. He wants to protect the legacy of his business, provide for his children, and secure his own future. Bill and his family use a powerful and integrated suite of Wealth Journey services delivered by Fordham and Perpetual Private, with a trusted adviser sitting in the middle.

"My family has always had a great degree of trust in Fordham and Perpetual. It's a long relationship, and there's loyalty on both sides. But now, to have the mix of business and wealth advice in the same place, well, it's been invaluable." Bill Cook, William Batters

Bill Cook, William Batters

Burke Family

The Burke family started in the Victorian Hotel industry in the late 1970s when Kevin Burke purchased his first hotel. This passion and thirst for the industry is now continued by Kevin's son Michael. Over the years we have helped the Burke Family with buying and selling hotels, planning and asset protection, business partner equity agreements, tax and much more.

When you're running a venue, all manner of situations arise that impact both the business and the family. Business does have a personal impact ... in fact your business is an important part of the family! We know that we can contact Fordham with...anything that might be on our minds, trusting completely that their intimate knowledge of our circumstances enables them to provide reliable advice and strategic solutions", Michael Burke, Hotel Industry (Malvern Hotel and Belgian Beer Café)

Natalie Gray

We worked with Natalie to implement an overall financial strategy and then to manage her super, investments, philanthropy and estate planning.

"I'm really enjoying the work I'm doing in other aspects of my life, because the financial management part of my life is covered. It does give you peace of mind". Natalie Gray, client since 2005

Natalie Gray, Perpetual client since 2005

Contact your Fordham Partner for a confidential discussion.

Talk to us today

Get in touch

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