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MONEY MATTERS

UPDATES, NEWS AND SERVICES FROM LAKESIDE FINANCIAL SOLUTIONS



Cross Option Agreements:

Protecting Your Business and Your Legacy

If your business has multiple shareholders, have you considered what would happen if one of you were to pass away? Without a clear plan in place, the deceased's shares could pass to their family, who may not want involvement in the business - or worse, they may wish to be involved, while the remaining shareholders may not want to work with them.

This uncertainty can create serious challenges, from disputes over control to financial strain if the business needs to fund a buyout. A Cross Option Agreement, backed by life insurance, ensures that ownership transitions smoothly, protecting both the business and the deceased's beneficiaries.

> *"ensures the business or surviving owners have the funds to buy the shares."*



Cross Option Agreements: Protecting Your Business and Your Legacy

What is a Cross Option Agreement?

A **Cross Option Agreement** (or **Double Option Agreement**) is a legally binding contract designed for businesses with multiple shareholders. It ensures that if a shareholder passes away:

- ***The surviving shareholders have the option to buy the deceased's shares.***
- ***The deceased's beneficiaries have the option to sell the shares to the surviving owners.***

If either party exercises their option, the other must comply, ensuring a structured and fair transfer of ownership.

> ***"Providing clarity, financial security, and a fair process for all parties involved."***

How is the Buyout Funded?

A key challenge when a shareholder dies is ensuring the business or surviving owners have the funds to buy the shares. This is where life insurance plays a crucial role.

- ***Each shareholder takes out a life insurance policy written in trust, with the payout designated for the purchase of shares.***
- ***Upon death, the policy pays out to the remaining shareholders, giving them the liquidity needed to buy the deceased's shares at a fair, pre-agreed valuation.***
- ***This prevents the business from struggling to fund the buyout, ensuring financial stability for both the company and the deceased's family.***

- ***Prevents Unwanted Shareholders*** *- The deceased's family may wish to keep the shares, but the remaining owners may prefer not to work with them. This agreement ensures that business decisions stay in trusted hands.*
- ***Protects the Deceased's Family*** *- Guarantees that beneficiaries receive a fair market value for the shares without the business struggling to afford it.*
- ***Ensures Financial Security*** *- Life cover ensures the funds are available when needed, without putting pressure on the company's cash flow.*
- ***Maintains Business Stability*** *- Avoids ownership disputes and ensures business continuity.*

Is a Cross Option Agreement Right for Your Business?

If you co-own a business, a Cross Option Agreement with life cover is a vital part of your succession planning. It provides clarity, financial security, and a fair process for all parties involved.

If you'd like to discuss how this could work for your business, get in touch - we can help structure an agreement tailored to your needs.



Protecting Your Financial Data:
How you can strengthen your security

At Lakeside, safeguarding your personal and financial information is a top priority. We have rigorous controls in place to protect client data, ensuring compliance with strict regulatory standards. Financial providers are also continuously enhancing their anti-money laundering (AML) checks and security protocols to prevent fraud and keep your accounts safe.

While we have not experienced any security breaches, we believe that prevention is always better than cure. Cybercriminals are constantly evolving their tactics, and given the measures Lakeside and providers have in place, they are increasingly turning their attention to the client as the target. For that reason, we want to help you stay ahead of potential threats.

To support our clients, we regularly share cyber-security insights as part of our ongoing communications. Our short cyber-security videos provide clear, practical advice on protecting yourself from fraud and online threats - we encourage you to watch them.



Here are five essential steps you can take to improve your security:

1. **Use Strong, Unique Passwords** - A password manager can help you create and store strong, unique passwords.
2. **Enable Two-Factor Authentication (2FA)** - This extra step adds a significant layer of protection to your accounts.
3. **Beware of Phishing Scams** - Always verify unsolicited requests for personal information.
4. **Keep Software & Devices Updated** - Regular updates protect against security vulnerabilities.
5. **Monitor Your Accounts Regularly** - Reviewing statements helps detect suspicious activity early.

By following these simple steps and staying informed through our cyber-security resources, you can play an active role in keeping your financial data secure.

For more information on Lakeside services, please contact:
admin@lakesidefs.co.uk

Generational Planning and Grandchildren's Pensions



For people looking to mitigate inheritance tax, or just looking at a generational cascade of wealth, contributing to your grandchildren's pensions is a smart, tax-efficient way to pass on wealth while reducing your own tax exposure. With upcoming changes to pensions and inheritance tax (IHT), this strategy is more relevant than ever.

Key Benefits

1. **Immediate Tax Relief** - You can contribute up to £2,880 a year into a Junior SIPP, with 20% tax relief applied to your contribution. This means a £2,880 contribution is topped up to £3,600 by the government - an instant boost.
2. **Long-Term Growth** - Pension investments grow free from income tax and capital gains tax, compounding over decades. Even modest contributions now could mean a significant retirement fund for your grandchild.
3. **Pensions & IHT Changes** - From April 2027, unused pension funds of wealthier individuals could be taxed at 40% when passed down. So gifting to grandchildren in a tax efficient manner is becoming increasingly appealing.

Why act now?

With pensions becoming part of the IHT equation, using them for wealth transfer should be a consideration. This move not only shrinks your taxable estate but secures a financial head start for your grandchildren.

Your adviser will be able to discuss the benefits of this with you at your next review.

For more information on Lakeside services, please contact:
admin@lakesidefs.co.uk

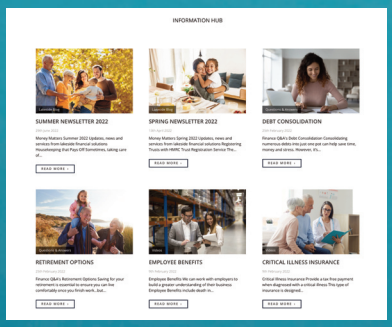
SERVICES

Just some of the services we offer at Lakeside

At Lakeside our clients benefit from bespoke financial solutions and pro-active, ongoing service as well as access to exclusive products and services with extremely competitive pricing and charge caps. We offer the following services to all our customers:

- **Investments**
- **Pensions**
- **Insurance**
- **Mortgages and Lending Options**
- **Wills**
- **Lasting Powers of Attorney**

Visit the 'Information Hub' section of our website for further articles and updates on the portfolio of services that we offer.



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