Willow Tree
Financial Services

Financial Planning for Business Owners

“The problem is that businesses are not guaranteed. Markets change. Priorities change. Energy changes. And eventually, most owners reach a point where they want more choice, more flexibility or simply a clearer picture of what the future looks like.”

Financial Planning for Business Owners

Many business owners spend years building successful businesses but very little time building a personal financial plan around them.

Revenue grows. The business evolves. Tax is managed efficiently. But personal finances are often left reacting to whatever the business needs at the time.

The business then becomes the retirement plan, the emergency fund and the long term strategy all at once.

This is where financial planning becomes valuable, as it helps separate business finances, personal lifestyle, long term wealth, family security and retirement planning.

It creates structure around your personal finances so that your future does not rely entirely on one asset.

Financial planning is not about restricting growth or becoming overly cautious. It is about making sure the success you are building actually translates into personal financial security over time.

Because ultimately, the goal is not simply building a successful business. It is building a life that feels financially stable, flexible and sustainable too.

Thank you for downloading this guide, if you have any questions please get in touch.

Plus - sign up to my free newsletter here.

Rachael Panteney

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Paying Yourself Properly

First things first - priorities. Many business owners prioritise the business ahead of themselves and reinvest most of the profits back into growth.

While that can help the company develop, it can also create personal financial pressure if your own income is inconsistent or unpredictable.

Paying yourself properly is about creating stability outside the business too.

This may involve:
- 🌳 salary and dividend planning
- 🌳 building regular household cash flow
- 🌳 reducing reliance on irregular withdrawals
- 🌳 creating financial resilience personally, not just commercially

Without a structured approach, many owners end up trapped in a "feast or famine" cycle where income fluctuates depending on the business.

Questions to be thinking about...

🌳 What do you currently pay yourself?
🌳 Would your household cope if the business income stopped tomorrow?
🌳 Are your personal finances as organised as your business finances?

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Building Personal Wealth Outside the Business

One of the most common patterns we see with business owners is that the majority of their wealth sits inside the company. On paper, the business may be valuable. But in reality, that wealth is often inaccessible unless:

🌳 profits are extracted
🌳 the business is sold
🌳 or income continues consistently

This can leave owners financially exposed without fully realising it.
Diversification matters because relying solely on the business creates concentration risk. If trading conditions change, the market shifts, or the business becomes harder to sell than expected, personal financial security can quickly feel uncertain.

That is why building wealth outside the business is important. This might include:
🌳 pensions
🌳 ISAs
🌳 investments
🌳 property
🌳 accessible savings

These assets can help create:
🌳 personal financial independence
🌳 retirement flexibility
🌳 additional income sources
🌳 greater long term stability

Many business owners are excellent at reinvesting into growth, but eventually there needs to be a balance between growing the business and growing personal wealth too.

If your business value reduced tomorrow, how much financial security would still exist outside of it? And where do planning opportunities sit?

Pension Planning for Business Owners

Pension planning is one of the most powerful and tax efficient financial planning tools available to business owners, yet it is often overlooked. Many choose to prioritise reinvesting into the business, holding cash in the company and reducing tax liabilities. But pensions can often help achieve several of those goals simultaneously.

Company pension contributions can potentially reduce corporation tax, move money into your personal name tax efficiently, build long term retirement wealth and create future financial independence outside the business. And importantly, pensions are not just about retirement age anymore. Pensions provide flexibility later in life, options to slow down gradually, potential tax planning opportunities and diversification away from the business itself.

Questions worth thinking about:

- What age would you ideally like work to become optional?
- How much income would you need to maintain your lifestyle?
- Is your current strategy moving you towards that goal?

One of the biggest challenges business owners face is that they often spend years focused on building the company without clearly defining what financial independence actually looks like personally.

Protecting Your Income and Your Business

Many business owners insure their phones, laptops, vehicles and even the business premises itself, but never properly protect the one thing the business depends on most. Their ability to work and generate income.

For business owners especially, financial protection is not simply about replacing income. It is about protecting lifestyle, family stability, business continuity and future plans. Because if income stops unexpectedly due to illness or injury, the financial impact can affect both personal and business finances at the same time.

Areas worth reviewing include income protection, critical illness cover, life insurance, key person cover and shareholder protection.

Without a plan in place, many owners discover their business is heavily reliant on them personally. How long could your household continue financially without your income? Would business costs still be covered? Would your family need to rely on savings? Would the business continue operating without you?

Protection planning is not fear-based. It is about creating resilience, stability and options if life changes unexpectedly. Because financial security is not just about building wealth. It is also about protecting it.

Mortgage Planning for Business Owners

Getting a mortgage as a business owner can feel more complicated than expected. Even when income is strong, lenders often assess self-employed applicants differently to salaried employees.

Mortgage borrowing may depend on:

- salary and dividends
- company profits
- retained profits
- length of trading history
- business structure

This is why mortgage planning and tax planning often need to work together. Reducing taxable income may help lower tax bills, but it can also affect borrowing potential if not planned carefully. Preparation matters.

Understanding how lenders assess income can help business owners:

- improve borrowing opportunities
- prepare accounts strategically
- avoid delays or surprises

Mortgage planning should support both business goals and personal lifestyle plans.

Emergency Funds and Cash Buffers

Many business owners are comfortable holding cash inside their company but have very little set aside personally. The challenge is that business money and personal money do very different jobs.

Cash held within the company may be needed to pay suppliers, wages, tax bills or fund future growth. It isn't always easily available when life throws an unexpected curveball.

A personal emergency fund acts as your financial safety net. It can help cover household bills, mortgage payments and day-to-day expenses if your income temporarily stops.

As a general guide, many people aim to hold between three and six months' worth of essential household expenditure in an accessible account, although the right amount will depend on your circumstances, family commitments and attitude to risk.

Ask yourself: If your business stopped generating income tomorrow, how long could your household continue to run comfortably?

Building personal reserves alongside business reserves can provide valuable peace of mind and greater flexibility when making future decisions.

Succession and Exit Planning

Many business owners spend years building a successful company but very little time thinking about how they will eventually step away from it.

For some, the goal is to sell the business and use the proceeds to fund retirement. Others hope to pass it on to family members, undertake a management buyout or gradually reduce their involvement over time.

The reality is that successful exits rarely happen by accident.

Planning ahead can help maximise value, minimise disruption and ensure your personal finances are prepared for life after business ownership.

If you sold your business tomorrow, what would life look like?

- 🌳 **Would you continue working?**
- 🌳 **Travel more?**
- 🌳 **Spend time with family?**
- 🌳 **Pursue a new venture?**

Thinking about your destination can help shape the financial decisions you make today.

Estate Planning for Business Owners

Owning a business can add an extra layer of complexity to estate planning.

Without appropriate arrangements in place, family members may face delays, uncertainty or difficult decisions at an already emotional time.

Estate planning isn't just about inheritance tax.

It is about ensuring the right people can step in when needed and that your wishes are understood and respected.

Areas to consider include:

- Having an up-to-date Will
- Putting Lasting Powers of Attorney in place
- Understanding how Business Relief may apply
- Reviewing potential inheritance tax liabilities
- Aligning business succession plans with family objectives

Good estate planning can help protect the wealth you have worked hard to build and provide reassurance for those closest to you.

Pulling It All Together

Financial planning for business owners is rarely about one product or one decision. It is about connecting all the moving parts of your financial life.

🌳 Your business success.
🌳 Your personal financial security.
🌳 Your family's future.
🌳 Your retirement lifestyle.

Each decision you make today can have an impact on tomorrow.

Regular reviews can help ensure your plans remain aligned with your goals. Reviews will look at your personal income, investments and pensions, protection arrangements, tax efficiency, succession and exit planning.

The aim isn't necessarily to accumulate more. Often, it's simply to feel confident that the choices you're making are taking you towards the life you actually want to live.

When Might It Be Time to Speak to an Adviser?

Many business owners don't seek advice because they are struggling. Often, they simply want reassurance that they are making good decisions.

🌳 You may benefit from professional guidance if:
• Most of your wealth is tied up in your business
• You don't have a clear retirement timescale
• You're unsure how to extract profits efficiently
• You haven't reviewed your protection arrangements
• You don't know what your eventual exit from the business looks like

Financial planning isn't about having all the answers. It's about having someone help you ask better questions and build a plan that gives you more confidence about the future.

Business Owner Self-Assessment Checklist

How organised do you feel about your personal finances?

Give yourself a score from 1–5 for each statement.

1 = Not at all
5 = Completely confident

☐ I pay myself a consistent income

☐ I am building wealth outside my business

☐ I have a clear retirement plan

☐ My family would be financially secure if something happened to me

☐ I understand my pension options

☐ I have an emergency fund in place

☐ I know what my exit strategy looks like

☐ My Will and Lasting Powers of Attorney are up to date

Your score:
🌳 0–15: There may be several areas worth reviewing.
🌳 16–30: You've made a good start, but there may still be opportunities to strengthen your plans.
🌳 31–40: You appear to have many of the key foundations in place.

Book a Financial Planning Conversation to discuss where you are today and where you'd like to be tomorrow.

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Thank you for downloading our Financial Planning for Business Owners guide.

Get support available from our team:

🌳 Financial Planning, Budgeting and Goals
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🌳 Pensions Planning and Investments
🌳 Retirement Planning
🌳 Protection and Insurance
🌳 Wills, Trusts and Estate Planning

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