



Rabobank



Succession planning facilitation

Assisting rural families to plan their future

Your future – your way

Succession planning can have many personal, family and financial benefits including:

- increased financial security for each generation
- increased personal motivation and family cooperation
- opportunity for the family business to realise its potential and profitability
- direction and clarity of goals

Experience working with family businesses reveals that many families find value in seeking guidance to make the very important decisions concerning succession planning. The Rabobank process has been developed with this in mind.

Do these issues sound familiar?

- How can I pass ownership and control to my family while protecting my immediate and longer term financial future?
- How can I retire when I have not invested off the farm?
- What happens if I don't want to retire?
- How can I be fair to both on and off-farm children?
- Should we keep the farm, grow the farm, sell the farm, or invest off-farm to meet estate and family needs?
- What are my children's intentions for their careers? How long should I give them to decide?
- Can the process of communication and decision-making be improved?

These issues are faced by most family businesses, yet the fact that they are so common does not make them any easier to resolve. Involving an independent professional with experience makes the process so much easier. Rabobank offers this important service to its clients.

If you fail to plan, you plan to fail

Most people dread facing these issues so they put off the decision-making regarding succession. Unfortunately, as time passes, these issues don't get any easier to resolve and choices can be diminished if the planning process is left too late. Family succession planning workshops are held in a professional format with a neutral facilitator, to assist families in making these important decisions.

If the family has already started succession planning, our process can incorporate what has already been achieved and take it through to completion.

Critical times

There are critical times in the life of a business and within the family when succession issues should ideally be discussed. Failure to do so can put the future of the business and individual plans and aspirations at risk. If there are no retirement or succession plans in place or if either generation has concerns about financial security, then succession should be discussed.

Other critical times include:

- When a son or daughter returns home to work in the family business. (Refer to the questions and issues box)
- When a son or daughter working in the business gets married.
- Before a new trading structure forms or changes, or when new business assets are purchased.
- After the death of a family member.

Questions and issues

Following are some of the questions and issues that may be asked, by a son or daughter returning to work in the family business.

- Do my parents want to move off-farm in the future?
- How will my parents be supported as they reduce their workload? Will the farm business need to support them?
- Where will I live when I return to the family business, now and in the future?
- What do I need to achieve before I can be involved in the family business decision-making?
- Will I have the responsibility of buying-out siblings?
- Will I be working in partnership with siblings?
- Am I earning equity in the business during the time I am working in the business?
- If I am prematurely killed or disabled, what will happen to my wife/husband and children? Can they stay living on the farm? How will they be supported?

How the process works

Phase 1 – The *Discovery and Communication* workshop

This workshop aims to elicit from all family members their expectations and concerns regarding succession. A trained Rabobank facilitator and all family members should attend. The family accountant may also need to be involved at this stage.

This workshop enables each family member to:

- become aware of the perspectives, opinions and goals of all other members
- raise any issues or concerns about succession planning
- discuss the aspirations and plans of all generations
- identify options available to the family

A report of the workshop will be forwarded to each family member.

You may find that the *Discovery and Communication* workshop fulfills your needs and progression to the *Succession Planning* workshop is unnecessary.



Phase 2 – The *Succession Planning* workshop

The *Succession Planning* workshop ideally takes place two weeks to two months after the *Discovery and Communication* workshop. Again, the Rabobank facilitator will attend, as well as all family members. It is advisable to have the family accountant attend also.

The aim of this workshop is to:

- recap the expectations, aspirations, plans and issues raised in the previous workshop
- review the options identified for the family to pursue
- analyse each option
- decide on one or more options
- develop an action plan to implement the agreed options

A report of the workshop, including the *Succession Action Plan* will be forwarded to each family member.



Phase 3 – The *Follow-up* process

For some families there may be a need for an additional workshop or a series of additional workshops.

For all families, there will be telephone communication within an agreed timeframe to review the progress of the *Succession Action Plan*.



Rabobank Group's other products and services

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¹ Fees from ATM network owners may be applicable. ² Registered to BPAY[®] Pty Ltd ABN 69 079 137 518. ³ RaboDirect is the new name for RaboPlus. The issuer of RaboDirect and its related deposit products is Rabobank Australia Limited ABN 50 001 621 129 AFSL 234 700. Consider the IDPS Guide and full terms and conditions relating to RaboDirect products available at www.rabodirect.com.au before making any financial decisions.

⁴ Deposits with Rabobank Australia Limited are guaranteed by its ultimate parent, Rabobank, ranked the world's safest non-government owned bank by Global Finance magazine every year since 1999. ⁵ Financial planning services (other than Succession Planning Facilitation) are provided by Hillcross Financial Services Limited ABN 77 003 323 055, an AMP Group company, under a referral arrangement with Rabobank.

About the Rabobank Group

One of the world's most recognised financial institutions, Rabobank is structured as a cooperative and has more than 1,600 offices and branches in 48 countries, employs more than 59,000 people and has over nine million clients worldwide. Rabobank is one of the world's 25 largest financial institutions based on Tier 1 Capital.

Rabobank has 53 branches throughout Australia and 30 branches in New Zealand, located in all major agricultural regions. Rabobank Australia and New Zealand is part of the international Rabobank Group and as at December 2009, the Group employed over 900 people in Australia and New Zealand, with more than half based in regional locations.

In Australia, Rabobank is a leading rural lender and has been rated as the best agribusiness bank in Australia in Merrill Lynch's *Business Banking Review* for the fifth consecutive year. In New Zealand, Rabobank customers rate their bank more highly than customers of all other major banks within the agribusiness sector⁵. Research reported by TNS Conversa Market Research shows that Rabobank holds the leading position in the performance attributes 'value for money', 'responding quickly', 'knowledge and expertise', 'flexible in tailoring solutions' and 'understanding my business'.

By supporting our clients with their business needs, we aim to help ensure that food and agribusiness industries in this region continue to be well placed to benefit from the changing international trade environment and to compete successfully on a global level. Rabobank also understands the cyclical nature of agribusiness and we take a long-term view of the industry, working together with clients to help them get the most from their businesses, now and in the future.

Rabobank's specialist rural managers are committed to working closely with clients at the farm level to meet each client's unique financial needs. This qualified team of experts is the key to Rabobank's success in agribusiness, along with our ability to provide innovative, flexible financial products customised to the banking needs of Australian and New Zealand primary producers.

Terms and Conditions for Discovery and Communication workshop and Succession Planning workshop

Discovery and Communication workshop

Rabobank shall at the request of the Applicant facilitate a *Discovery and Communication* workshop. Rabobank will provide for the purposes of the *Discovery and Communication* workshop:

- An appropriately trained facilitator;
- Materials required for the purpose of the *Discovery and Communication* workshop.

Following the *Discovery and Communication* workshop, Rabobank will prepare a written report of the workshop and provide that report to the Applicant within 30 days.

Succession Planning workshop

Rabobank shall at the request of the Applicant facilitate a *Succession Planning* Workshop. Rabobank will provide for the purposes of the *Succession Planning* workshop:

- An appropriately trained facilitator;
- Materials required for the purpose of the *Succession Planning* workshop.

Following the *Succession Planning* workshop, Rabobank will prepare a written Succession Action Plan outlining the agreement reached between the Applicant's family members during the workshop and provide that report to the Applicant within 30 days.

Costs

The Applicant agrees to pay the costs for the *Discovery and Communication* workshop and the *Succession Planning* workshop within fourteen days of receipt of a tax invoice from Rabobank.

Any further consultation provided by Rabobank to the Applicant outside of the *Discovery and Communication* workshop and the *Succession Planning* workshop shall be on a fee basis as agreed between Rabobank and the Applicant.

Any costs of the Applicant's shall be paid by the Applicant.

The Applicant acknowledges that the Applicant may require independent legal and financial advice in relation to the implementation of the Succession Action Plan, which advice shall be at the cost of the Applicant.

Authorisation to contact your accountant

The Applicant authorises Rabobank to contact the accountant named in the succession questionnaire and obtain from the accountant information about the Applicant, associated entities and family members of the Applicant

Limitation on advice

Rabobank does not offer legal, accounting or financial planning advice. The Succession Planning Facilitator at the *Discovery and Communication* and *Succession Planning* workshops is not authorised to provide financial services advice under Rabobank's Australian Financial Services Licence (234 700).

Indemnity

Rabobank which, for this paragraph, includes any of its related entities does not provide any warranty of any nature in relation to any services provided in consequence of this appointment and the Applicant hereby releases Rabobank from all liability of every nature to the maximum extent permitted by law in connection with such services and the appointment. The Applicant further agrees to indemnify Rabobank for all costs and liability of every nature arising out of or relating to this appointment and any services provided in consequence of it. The Applicant agrees that the maximum amount Rabobank may be liable for arising from any breach of this appointment or any conduct under or relating to it is limited to the amount of fees paid by the Applicant to Rabobank under this appointment. In no circumstances shall Rabobank be liable for any indirect or consequential loss the Applicant suffers relating to this appointment or services provided under it.

Privacy

Personal information provided in this application and during or in connection with the *Discovery and Communication* workshop and *Succession Planning* workshop is collected by Rabobank for the purpose of providing the Applicant with information and advice relating to succession planning. The personal information collected may also be used for research and marketing purposes (including marketing by electronic means) by Rabobank and its related companies (in which case personal information may be disclosed to those companies) and the Applicant consents to being contacted on an ongoing basis by Rabobank and its related entities by telephone for marketing purposes. If the Applicant does not wish his or her personal information to be used for this purpose, he or she may instruct Rabobank not to by telephoning 1800 825 484 or writing to the Privacy Officer, GPO Box 4577, Sydney NSW 2001. Rabobank may disclose personal information to other entities which provide administrative services which assist Rabobank to provide the services to the Applicant (including members of the Rabobank Group). The Applicant may gain access to the personal information he or she has provided to Rabobank, subject to the requirements of the Privacy Act, by contacting it on 1300 30 30 33.

If the Applicant does not provide all of the information requested, Rabobank may not be able to supply the services requested.

The Applicant warrants that it will obtain the consent to the above of all individual members of their family whose personal information may be disclosed to matters mentioned above.

For more information, please contact your Rabobank Succession Planning Facilitator

PO Box 1600
Orange NSW 2800

Phone 1300 30 30 33

Email successionplanning.au@rabobank.com

www.rabobank.com.au



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⁵ TNS Conversa Business Finance Monitor, Agribusiness market, based on survey data combined for the two year period 1 October 2006 to 30 September 2008. Comparing ratings (of 9 or 10 out of 10) by the main bank customers of the six major New Zealand banks.