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The importance of financial wellness planning for companies and stakeholders

Financial wellness planning goes way beyond investment and retirement planning.

Financial wellness planning is effectively managing the economic life of organisations.

In a previous blog we discussed *the fundamental duties and responsibilities of a director of a company.*

This blog seeks to clarify the concept of financial wellness for businesses and their owners, as well as the value of finance wellness for businesses.

It further offers suggestions on how directors and shareholders can approach and deal with the concept, and promotes an accurate understanding and proper application thereof to maximise financial opportunities for all stakeholders.

What is Financial Wellness Planning?

Financial wellness planning goes beyond investment and retirement planning.

Financial wellness planning is effectively managing the economic life of organisations. A more holistic and comprehensive approach to financial well-being is one that helps companies and stakeholders to build lasting financial strength and stability, leading to more sustainable organisations.

Well-founded financial wellness planning will enable enterprises and stakeholders to fully meet current and ongoing financial obligations, to be secure in their financial future and enable them to make sustainable financial decisions.

The aim of financial wellbeing is to establish and maintain good credit, cash flow, access to capital, emergency preparedness, enabling repayment of debts as they become due, saving for retirement, and addressing other elements of financial readiness.

Statistics indicate that more than 80% of all businesses in South Africa are family owned. Consequently, the long-term financial wellness and sustainability of such enterprises directly affect generations of families. It is therefore inevitable that proper financial planning and risk management should be a first priority and at the top of to-do lists of corporate executives.

Aspects to consider for financial wellness planning

In any efforts of an enterprise to become legally compliant and operate on a sound and sustainable financial footing, a variety of risks associated with every well-intended endeavour to become compliant should be considered, for instance:

- Buy-and-sell agreements and life insurance;
- Key person insurance;
- Broad form liability;
- Cover for Directors and Officers;
- Employee benefit insurance;
- Contingent liability plan;
- Professional Indemnity (PI) cover;
- Accident and health cover;
- Cyber insurance;
- Commercial crime;
- FoodSurance cover;
- Business and individual short-term insurance cover;
- Individual life cover products (risk, disability lump sum and income protection, critical illness, retirement and investment planning, estate planning).

Conclusion

Financial wellness planning will offer holistic support and advice to stakeholders to meet short-term financial needs while working towards long-term sustainability goals. Each stakeholder has different financial priorities and obligations; therefore, a successful wellness programme requires solutions well-tailored to a company's unique circumstances. Sound financial planning requires a supportive environment with accessible, high-quality financial services and advice.

SERR Synergy assists start-up and existing businesses to comply with the new Companies Act and amended Close Corporations Act by bringing all relevant company documents in line with new legislation. We also assist directors with any liability issues they may face within the ambit of the Companies Act.

As part of our comprehensive approach and solutions, *SERR Synergy,* together with Synergy Corporate Solutions, integrates business assurance solutions and merges all legislative processes into one central interrelated framework that drives business excellence. Synergy Corporate Solutions has developed a market-leading client and business value proposition to assist each of our clients to focus on running their individual businesses whilst we take care of their legal, compliance, financial planning, and risk management needs.

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