

Buy-Sell LLC

Providing flexibility in succession planning

Buy-sell agreements often only account for the death of an owner, without acknowledging the very real possibility that one or more of the owners may either sell their share of the business or retire from the business before passing away.

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A buy-sell agreement fully funded with life insurance greatly increases the company's ongoing survival after an owner's death, disability or retirement. A buy-sell agreement is a legal arrangement that obligates the parties involved to either sell or purchase the business. If one owner passes away, the agreement makes sure that their estate sells the business interest to the surviving owners. Life insurance provides the funds for the surviving owners to make the purchase.

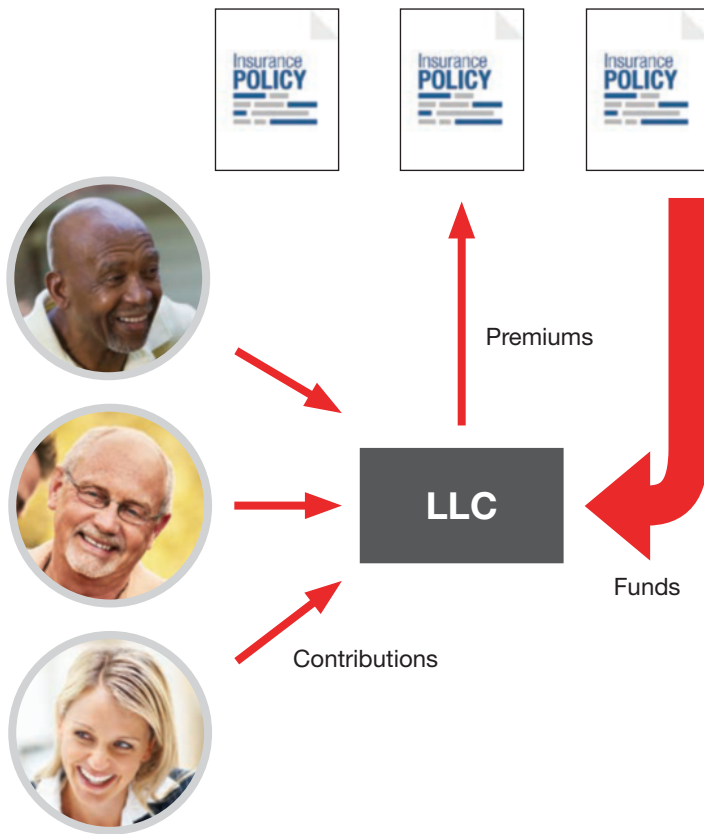
The Buy-Sell LLC is a strategy that takes advantage of the legal benefits of a limited liability company (LLC). By establishing a new or using an existing LLC to own the life insurance policies, you create an arrangement that has all the advantages of standard buy-sell planning while effectively eliminating certain disadvantages:

- Upon the death of an owner, the surviving owners receive a step-up in their cost basis
- Only one policy per owner is needed
- Can create premium equity among owners despite age or health disparities
- Can provide supplemental retirement income for a retiring owner
- Can provide funds to buy-out an owner exiting the business



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How it works



1. The business owners execute a cross-purchase buy-sell agreement, utilizing a limited liability company (LLC) to own a life insurance policy on each owner.

2. Owners contribute to their LLC capital account.

3. The LLC pays the premiums on a life insurance policy for each owner. The policies are protected from the business's creditors.

4. The life insurance policies can provide funds for:

- Business continuation upon the death of an owner
- Retirement needs for retiring owners
- Buying-out an owner exiting the business

5. If an owner retires or the business terminates, the LLC can be terminated and policy ownership can be transferred to each business owner tax-free.



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