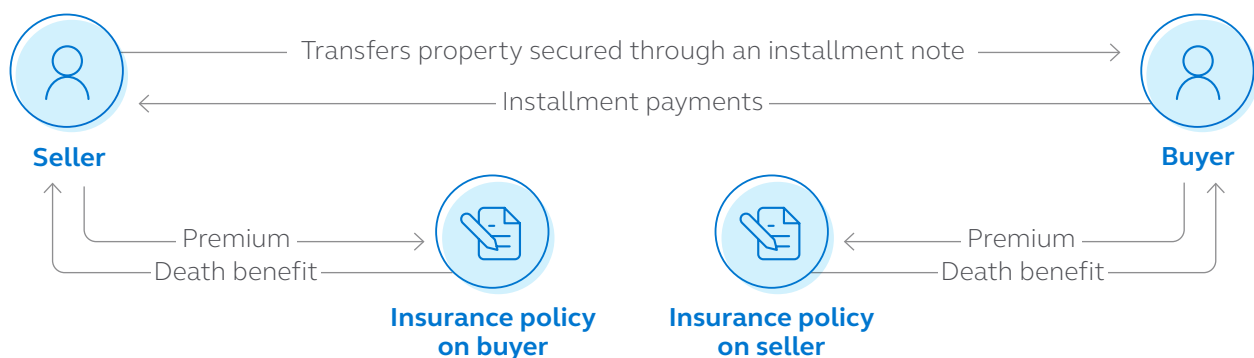


# Prepare today for the unknown future of your business.

Do you have a strategy in place to transfer your business to the right people, at the right time, for the right amount of money? Oftentimes, family members, key employees, or successors don't have the resources to purchase the business outright. A seller-financed installment sale can help facilitate the transaction, provide long-term income, and spread the seller's capital gains tax burden over time.

## Here's how it works.

The seller transfers property to the buyer secured through an installment note. The buyer makes a down payment, then pays the remaining amount based on a predetermined payment schedule of principal and interest. Life insurance is often used on the seller and buyer to protect the sale in the event of an untimely death.



## What you need to know

There are advantages to this sort of an agreement, just as there are some other things to consider.

**Estate impact.** Any business interest and appreciation are immediately outside of the seller's estate, but the present value of remaining installment payments will be included in the seller's estate.

**Flexible payment structure.** Payments can be tailored to match the seller's business and financial needs.

**Seller risk.** A seller-financed installment note carries the risk that the buyer could default or the business could fail. The seller may prefer to require the buyer to use the down payment to obtain bank financing.

**Defined payment structure.** A payout period is established in the agreement and the payments must be made for a specified period of time (even if the seller dies).

**Life insurance may be needed.** Life insurance on both the buyer and seller is a good idea to ensure each party is made whole in the event of a death.

**Tax implications.** The buyer's after-tax dollars are used to fund the purchase.



[Learn more](#)

Contact your financial professional today.



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