

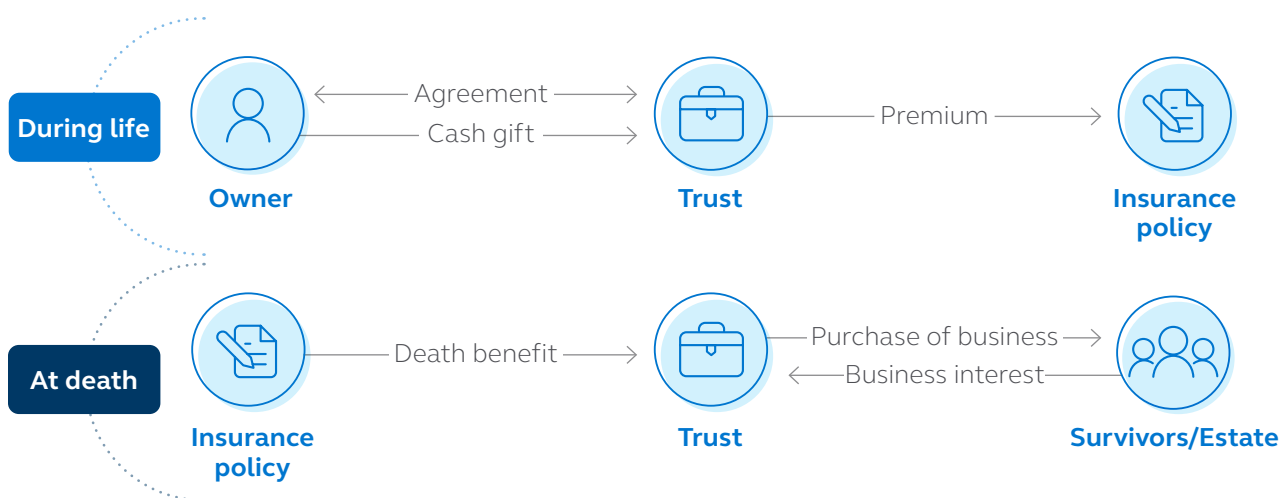
Prepare today for the unknown future of your business.

As you think about the future of your business and family, some things might not be clear right now. It's okay to not have all the answers today, but that's where a little planning can be a big help.

A no sell buy-sell agreement can be a good solution when your major asset is your business and you haven't yet identified a buyer. Rather than agreeing to sell to a particular person or entity, you use life insurance to protect the value of the business.

Here's how it works.

You determine the value of your business interest and purchase a life insurance policy on your life for the value of the business or the amount you wish to protect. You or your trust is the owner of the policy, and the beneficiary of the policy is your trust. Upon your death, the insurance proceeds are payable to your trust. The life insurance proceeds can be used to purchase your business from your estate, loan dollars to keep the company running until it's eventually sold, and/or protect the value of the business for your family if it's eventually sold at a discount. The trust retains all growth potential until a future sale.



What you need to know

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

Family members benefit. They get cash from the insurance and are assured the amount is generally equal to the value of the business, and they don't have to worry about a forced sale at a discounted value.

The business isn't sold until the time is right. The trust holds onto the business interest until it's advantageous to sell—perhaps when the business goes public, when it's at the top of its business cycle, or when it matures and its stock peaks in value.

Taxes may be reduced. If estate tax is a concern, the trust can be irrevocable. Proper planning can mean proceeds from life insurance in an irrevocable trust are income and estate tax-free. And, they may be available to your family to pay estate taxes on the business interest, leaving the business intact.

Professional service businesses aren't a good fit. Values after death may be diminished, and trust ownership might not be permitted.

Insurance may provide retirement income. If the policy is personally owned, a cash value life insurance policy could provide a source of supplemental retirement income.



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