Buy Sell planning using life Fact Finder

Date: ____________________

Client name: ________________________________ Tax ID number: __________________________

Date of birth: ____________________ Age: _______ ☐ Male ☐ Female ☐ Smoker ☐ Nonsmoker

Name of business: __________________________________ Annual income: ____________________

Job title: ____

1. Reasons to have a Buy Sell Agreement

- ☐ Create a market for your business interest at your retirement or death
- ☐ Set a "fair value" for your interest in the business
- ☐ Provide cash to your family at your death
- ☐ Protect against unwanted third parties becoming owners
- ☐ Prevent deadlock problems
- ☐ Provide a known business continuity plan at an owner's retirement or death
- ☐ Preserve an S-corporation status
- ☐ Other reasons - please specify ____

____

2. What type of entity is your business?

Corporation

- ☐ C-corporation
- ☐ S-corporation
- ☐ Limited Liability Corporation (LLC)
- ☐ General Partnership

General

- ☐ Limited Partnership
- ☐ Limited Liability Partnership (LLP)
- ☐ Limited Liability Limited Partnership (LLLP)

- ☐ Sole proprietorship
- ☐ Other form of business - please explain ____

____

3. Ownership

Owner's name: ____ Percent ownership _____________

Type of ownership ____

Family relationships to other owners, if applicable ____

4. What events should be covered in the buy-sell agreement?

- ☐ Death of an owner
- ☐ Disability of an owner
- ☐ Normal retirement
- ☐ Termination of employment other than by death, disability, or normal retirement
- ☐ Outside third-party offer
- ☐ Divorce, bankruptcy, or creditor claim against an owner
- ☐ Termination of license if a professional practice
- ☐ Pledging or assignment of the business interest as security for a debt

5. What events should be allowed?

- ☐ Gift to family members
- ☐ Estate planning transfers (for example, revocable or irrevocable trust)

6. Who should buy the business interest?

- ☐ The business (entity purchase)
- ☐ Other owners (cross purchase)
- ☐ Employee Stock Ownership Plan (ESOP)
- ☐ Should be determined at the time of the triggering event (wait and see)
- ☐ Business control should pass to the other owners but the remaining interest should pass to the deceased owner's family (no-sell Buy Sell)
- ☐ Third party
- ☐ At the triggering event
- ☐ After being offered to other owners or entity first

7. Valuation of the business

How much is the business currently worth? ____

What methods did you use to value the business? ____

____

8. Valuation of less than 100 percent ownership:

Should the value be reduced for any of the following?

- ☐ Minority interest
- ☐ Non-marketability
- ☐ Certain events (for example, walk away to set up a competing business). Please explain _______________

  ____
- ☐ What should the discount be? Please explain ____

  ____

9. How should the business interest be sold?

☐ Cash

☐ Some cash down and the remainder over time (installment sale)

How long?____________________ What interest rate? ____________

Restriction on transfers, dividends, etc., until the interest is fully transferred and paid for? ____________

____

10. Under what circumstances should the purchase be fully or partially funded by life insurance if it is cost effective?

☐ Death

☐ Disability

☐ Normal retirement

11. What happens at the death of a business owner? What will happen to your business or your ownership interest at your or another owner's death?

A. Sold as a going concern

To whom? ________________ At what price? ________________

How determined? ________________________________

Will the buyer have funds? ☐ Y ☐ N Source________________

Written agreement exists? ☐ Y ☐ N

Date entered into ☐ Y ☐ N

Date last reviewed ☐ Y ☐ N

Can we have a copy of the agreement? ☐ Y ☐ N Contact person ________________

B. Passed to an heir or beneficiary

Who will inherit?________________ Able to operate business now? ☐ Y ☐ N

Able to operate business in the future? ☐ Y ☐ N When? ________________

Who will operate business in the interim? ________________________

How do you plan to keep that person in the business? ____________________

Is adequate capital provided to accomplish transition to successor management? ☐ Y ☐ N

How much? ________________________________

Will any other person (for example, a spouse) need an income from the business? ☐ Y ☐ N

Who? ________________________________

Name ________________________________

Relationship ________________ How much?________________

C. Liquidated

Is cash available for an orderly liquidation? ☐ Y ☐ N

Is cash available to pay business debts:

For which the business is liable? ☐ Y ☐ N

For which owners are personally liable? ☐ Y ☐ N

Total proceeds expected from liquidation ________________________

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