

Buy-Sell Agreements

Ensure Proper Transition of a Business

Concept

Buy-sell plans have actually two parts—the legal plan (written by an attorney) and the funding. A life insurance policy can provide the necessary funds to purchase the business interest.

Agent Profile

Financial professional who works with business owners or may have a relationship with Certified Public Accountants (CPAs) or attorneys who work with business owners.

Client Profile

Business owner or partner.

Product Options

- ▼ **ADDvantage® Term** - low-cost solutions for defined or short-term needs
- ▼ **Custom Guarantee UL** - low-cost guaranteed coverage
- ▼ **Rapid Builder IUL** - Waiver of Surrender Charge Option³ with table shave

Key Selling Points

- ▼ All owners know what can happen to business interests if a triggering event happens.
- ▼ There are two kinds of agreements – Entity Purchase or Cross-Purchase. Ownership of the policy varies depending on the type of agreement. (See NAM-1621 on www.NorthAmericanCompany.com for details.)
- ▼ Cash value can be used to help fund lifetime buyouts through loans or withdrawals.¹
- ▼ Accelerated death benefits can also help with lifetime buyouts if the insured becomes unexpectedly ill, subject to eligibility requirements.
- ▼ NOTE: An attorney needs to draft the buy-sell agreement.

Illustration Design Tips

- ▼ Make sure the policy ownership is structured correctly to match the type of buy-sell agreement being used. (Cross-Purchase is preferred if there are few owners.)
- ▼ Insmark software can be used to illustrate costs and benefits.
- ▼ If cash flow is an issue, look to the Custom Guarantee and remember that it has a Guaranteed Exchange Provision⁴ that allows for conversion any current IUL product available for conversion.



Right Words

"Effective transition of business ownership needs to be planned and funded. A legal buy-sell agreement can not only establish a plan for transfer of ownership but also provide an agreed valuation formula. Present and future owners can both benefit from a properly structured and funded buy/sell agreement."



Right Questions

- ▼ "Do you have a buy-sell agreement in place?"
If yes: "How is it funded?" If no: "How would you like to be partners with your business partner's spouse?"
- ▼ "Wouldn't you like to know today what will happen to the business if something happens to one of the owners?"
- ▼ If the business is family operated: "Are all the children going to be involved with the operation of the business if something happens to you? Does it make sense to transfer business ownership to children with no interest in the business? Do you want to treat your children *equally* or *equitably*?"

Send



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Subject: **Follow-Up Email to Agent**

Hello _____,

It was great talking to you [today/recently]. Since you're interested in helping business clients, I wanted to send you some tips to get you started with the Buy-Sell strategy.

First, think of the businesses you visit frequently—gas stations, restaurants, local shops (either retail or services). Most, if not all, businesses may have a need for a properly funded buy-sell agreement.

Think about your current book of clients and other people you know (friends, family, neighbors) that might fit this description:

- Business owners without a buy-sell agreement
- Business owners with an unfunded buy-sell agreement
- Business owners who have a funded buy-sell but haven't reviewed their policies in several years
- Accountants who work with business owners
- Attorneys who work with business owners

Once you have a couple of people in mind, send me their information and I can help you design a case for them.

Feel free to call me with any questions in the meantime!

Thank you,

Go to <http://nalife.northamericancompany.com/NA-BuySell>
to download the complete sales concept kit!