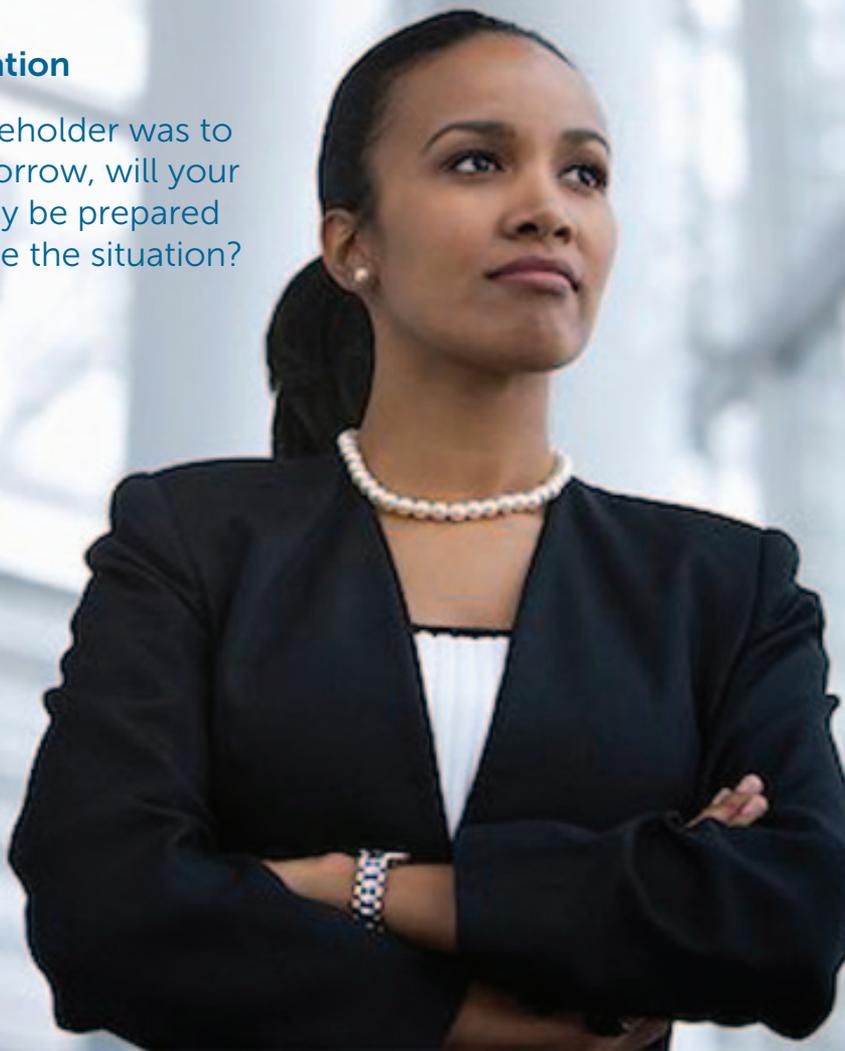


BUSINESS WIND-UP, BUY SELL

Corporation

If a Shareholder was to die tomorrow, will your company be prepared to handle the situation?



Your Corporation today

- Success is due to the **co-operative effort** of all the shareholders
- Together, the shareholders have **full control** of your business
- You divide the **profits**
- You distribute the **work load**
- You share the **losses**

If a shareholder dies tomorrow, your corporation technically continues.

Practically though, this may not be the case in a closely held corporation, particularly when one of the active shareholders dies.

You have four choices

1. Liquidate the corporation
2. Find a new active associate to buy out the heirs
3. Let the heirs remain as active or inactive shareholders
4. The surviving shareholders buy out heirs

Each option has costs and a need for liquid dollars. Where will the money come from?

The solution is to create a Business Sinking Fund

This is where you take a small portion of your profits or revenues each year, and set them aside in a plan that will guarantee to deliver the money needed at the death of a shareholder.

An alternative is a Funded Buy Sell Agreement

A Buy Sell Agreement is a written contract between the partners providing for the sale and purchase of an ownership interest in the event of the death of one of the shareholders.

A properly designed agreement

- Places the surviving partners in full control
- Establishes a means of determining the fair value of the deceased ownership interest

What does a Funded Agreement Provide?

For the family	For the business
<ul style="list-style-type: none">• Guaranteed family income• No business worries• Guaranteed market for interest in the business• Cash to pay estate settlement costs• No valuation problems	<ul style="list-style-type: none">• Continuation of business operations for time selected• Strengthened credit• Employee confidence• No forced liquidation of assets• Harmony with/amongst deceased's family

Each business and each shareholder of a corporation will have unique qualities and goals that must be dealt with on a case-by-case basis in consultation with relevant, informed professional advisors, including consideration of personal characteristics, interpersonal dynamics and family issues.

The nominal investment method of setting the money aside to accumulate with interest won't guarantee the funds will be available when needed. Time may be against you. The only sure way to guarantee the needed cash will be there tomorrow is through the purchase of life insurance.

Premiums will be paid in after-tax dollars and the proceeds when payable will not be subject to income tax.

Special advantages of a Funded Agreement

To the Shareholder while living	<ul style="list-style-type: none">• Provides a guaranteed market and price for a shareholder's interest at death• May provide guaranteed cash reserves by the gradually increasing cash values in certain plans• Promotes good will of employees and creditors by ensuring stability of the business
To the surviving shareholders	<ul style="list-style-type: none">• Provides cash for buyout whenever needed• Guarantees full ownership at agreed price• Underwrites the business future and family standing in the community• Eliminates danger of dissension and stalemate with the heirs
To the heirs	<ul style="list-style-type: none">• Guarantees a fair price in cash for interest• Removes their assets from hazard of shrinkage/loss in a speculative business• Frees their personal estates from all liability to business collectors

STEPUP

Providing you with the estate planning and wealth strategies that matter most, the Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team is comprised of practicing professionals whose primary objective is to support you as you help your clients reach their financial goals.

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