

# CONSIDERATIONS FOR BINDING BUY/SELL AGREEMENT IN FAMILY TRANSFER ON DEATH



## Benefits

1. Business interest transferred only to heirs involved in the business.
2. Owner/parent retains business interest and associated income until death.
3. Funding with life insurance provides estate with liquidity versus hard to market/unmarketable business interest.
4. Life insurance proceeds easy to allocate amongst non-active heirs.

## Drawbacks

1. Owner/parent may be involved in business longer than desired (by parent or children).
2. Affordability of life insurance solution.
3. Value of estate will include full fair market value of business at death for probate.
4. Income payments to inactive spouse and heirs cease on death and implementation of buy/sell.

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