

FUNDING CRISS-CROSS BUY/SELL WITH LIFE INSURANCE



Benefits

1. Relatively simple structure.
2. Corporation need not be directly involved.
3. Life insurance proceeds provide survivor(s) with monies to implement the buy-sell.
4. Deceased's estate gets timely receipt for full value of interest/shares.
5. Allows deceased partner/shareholder to take full advantage of available capital gains exemption.
6. Surviving partner/shareholder gets increase in adjusted cost base of shares.
7. Allows for flexibility in adjusting relative interests of surviving partners/shareholders.

Drawbacks

1. Insurance costs are paid using personal, after-tax dollars.
2. Multiple partners/shareholders create complexity and difficulty in management of structure, creating greater number of transactions and funding arrangements.
3. Relies on ability of each partner/shareholder to maintain funding needed.
4. Age, health and ownership percentages impact insurance costs, driving need to negotiate sharing of funding for insurance.
5. May need to use trustee to address points 2, 3 & 4, driving up costs.

This material is presented for informational purposes only, and is not a legal, tax or investment opinion. Interested persons should seek retained independent professional advice before acting or foregoing action in relation to any of the matters mentioned herein.

™ Trademark of **The Empire Life Insurance Company**. Policies are issued by The Empire Life Insurance Company.

Investments • Insurance • Group solutions
www.empire.ca info@empire.ca

