

# Your Business Succession

## Stress Test

### Structure of the Buy Sell Arrangement

	Yes	No	D/K
1. Do you have an agreement in writing?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Does your agreement require the business buy your business interest?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Does your agreement require your co-owners buy your business interest?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Does your agreement provide for a series of buy sell options (a wait and see buy sell)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Does your agreement provide for a key person buy out?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Does your agreement provide for a third party buy out?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Buy Sell Trigger Events

7. Will the buy sell be triggered by the death of an owner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Will the buy sell be triggered by the disability of an owner? – a. If yes – is disability clearly defined?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Will the buy sell be triggered by the retirement of an owner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Will the buy sell be triggered by the resignation of an owner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Will the buy sell be triggered by the bankruptcy or divorce of an owner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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The business succession decisions you make today will impact how your business, your co-owners and your families will move forward following an event such as death, disability, resignation or retirement.

This checklist may help you focus on select business succession matters and the decisions you have already made. Bring it with you to your next meeting or email the completed checklist to your financial representative and other members of your planning team to assure that your questions and concerns are addressed.

<b>Valuation</b>	<b>Yes</b>	<b>No</b>	<b>D/K</b>
12. Have you established the business value in the agreement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Have you reviewed the business value in the last 3 years?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. Do you believe the value in the buy sell reflects the value of the business to you and your family?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. Is there a difference in the value set in the agreement and the current value of the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. Have you had a professional valuation (CPA or Appraiser)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. Are there different values depending on the trigger event?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Funding</b>			
18. Are you depending on Savings/Surplus to fund the buy sell?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19. Are you depending on borrowing from a third party to fund the buy sell?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. Are you depending on borrowing from the departing owner (or owner's family) in the form of an installment buy out?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21. Are you depending on insurance to fund the buy out? a. Life Insurance    b. Disability Buy Out Insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. Are you planning to use some combination of the above methods? Details: _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23. Have you completed a review of the cost of funding the buy out?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>No Written Agreement</b>			
24. If you do not have a written buy sell agreement do you plan to transition your business through gifts/bequests?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Family Business</b>			
25. May the owners make gifts of the business to their family or trusts?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. Will the next generation owners have to work their way into the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27. Are all the members of the next generation going to own the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. Have you considered the issues of estate equalization for those family members who aren't in the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29. If the next generation of owners is still inexperienced, have you established special benefits for your experienced key people to keep them in place?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### What questions or concerns do you have?

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