

Your Business Succession Stress Test

Structure of the Buy Sell Arrangement

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

Buy Sell Trigger Events

7. Will the buy sell be triggered by the death of an owner?	☐	☐	☐
8. Will the buy sell be triggered by the disability of an owner? – a. If yes – is disability clearly defined?	☐	☐	☐
9. Will the buy sell be triggered by the retirement of an owner?	☐	☐	☐
10. Will the buy sell be triggered by the resignation of an owner?	☐	☐	☐
11. Will the buy sell be triggered by the bankruptcy or divorce of an owner?	☐	☐	☐

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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.

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

What questions or concerns do you have?
