BUSINESS PARTNERSHIPS & BUY-SELL AGREEMENTS

You're building an empire, and you and your business partner have invested countless hours (and money) into your enterprise.

Not to be morbid, but what would happen if one of you were to die unexpectedly early of cancer, a heart attack, or a car accident?

Not only would this create a huge burden to you and your business, but you would also inherit a new business partner – your deceased business partner's spouse.

This surviving spouse will now have the same voting rights, equity ownership, and control over your company as your deceased business partner had. They also have the legal right to sell their shares to any buyer they want – including your biggest competitor.

Since most business owners do not want to find themselves in this situation, it is advised that they have a buy-sell agreement – a legal document that gives the surviving partner first right of refusal to buyout the surviving spouse. The question then becomes, "How do you come up with the money to buyout the surviving spouse?"

Most buy-sell agreements are funded with life insurance on each partner, but did you know you can use bank funding to pay the life insurance premiums? This leverage can be extremely cash flow efficient for most businesses. To find out more, contact the advisor that sent you this piece.

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