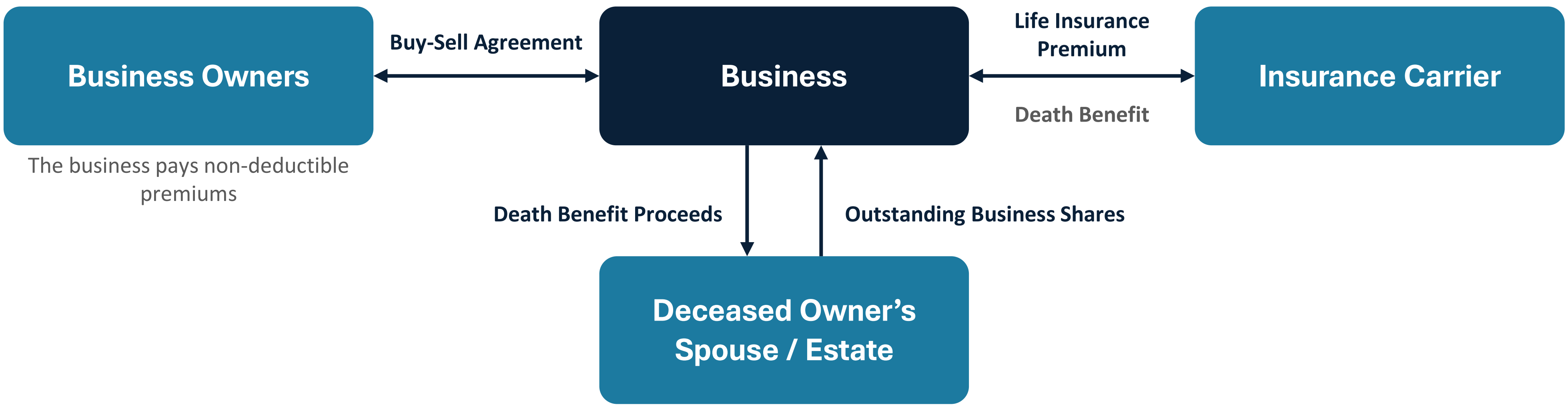
Funding an Owner's Buyout with an Entity-Purchase Buy-Sell



How It's Funded — The Coverage Behind an Entity-Owned Buy-Sell

- **The entity owns the policies:** the business buys a policy on each owner, pays the premiums, and is the beneficiary; at an owner's death it uses the income-tax-free proceeds to redeem that owner's shares (employer-owned rules under IRC §101(j) require advance written notice and consent).
- **One policy per owner:** an entity purchase needs only one policy per owner, versus the many cross-policies of a cross-purchase — keeping it simple to administer as the number of owners grows.
- **Term vs. permanent coverage:** term fits a defined buy-out window at the lowest cost, while whole life or IUL guarantees funding whenever the trigger occurs and builds cash value the business can tap.