

BUSINESS PROFILE

Prepare business owners for the loss of a partner

Cross purchase buy-sell arrangement

Your sales opportunity

Business owner(s) wishing to:

- Ensure business continuity and maintain marketability in the event of a death of an owner
- Guarantee a buyer for his or her share of a business
- Create liquidity for a deceased owner's family
- Avoid conflict of interest between surviving owners and the family of a deceased owner

Solution: cross purchase buy-sell arrangement

A **cross purchase buy-sell arrangement** is a business succession strategy in which the owners enter into an agreement to cross-own life insurance on one another. Upon death, the remaining owner(s) uses the death benefit proceeds to purchase the deceased owner's share.

Three valuable features

1. A simple business succession strategy
2. Provides a source of funds for the purchase of partner's share of the business
3. Step-up in basis for shareholders

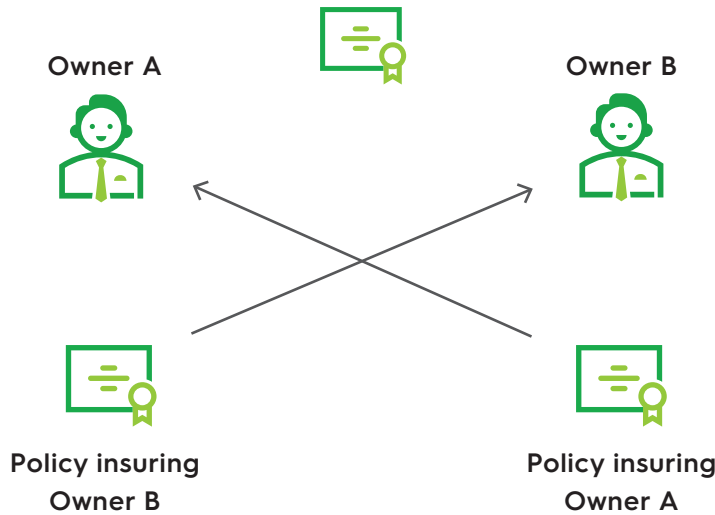
Target client

Businesses with the following characteristics:

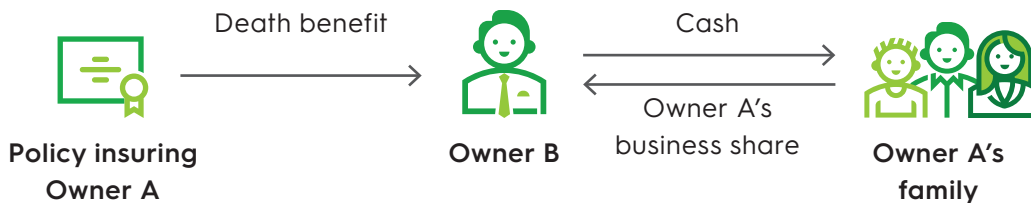
- No more than two or three owners
- May be organized as an S corporation, C corporation, LLC or partnership

How it works

- The business owners enter into an agreement prepared by an attorney. The agreement provides that on the death of one owner, the surviving owner(s) will buy the deceased owner's share of the business with cash.
- Each business owner applies for and owns a life insurance policy on the other owner(s).



- If Owner A dies first, Owner B receives the policy's income tax-free death benefit on Owner A.
- Owner B uses the death benefit to buy Owner A's share of the business from the surviving family.
- Owner A's family receives cash, and Owner B retains the business and becomes the sole owner.





Learn more

Do you have business owner clients who could benefit from a cross purchase buy-sell arrangement that helps them prepare for the untimely death of an owner? We can help - call our Advanced Sales Team today: **1-888-413-7860**, option 3.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

The policy design chosen may impact the tax status of the policy. If too much premium is paid, the policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59½ may also be subject to an additional 10% penalty tax.

Written Notice and Consent rules may apply

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation. This is a general communication for informational and educational purposes.

These materials are for informational and educational purposes only and are not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered

investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. Securian Financial Group, and its affiliates, have a financial interest in the sale of their products.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

Securian Financial is the marketing name for Securian Financial Group, Inc., and its affiliates. Minnesota Life Insurance Company and Securian Life Insurance Company are affiliates of Securian Financial Group, Inc.

For financial professional use only. Not for use with the public. This material may not be reproduced in any way where it would be accessible to the general public.



INSURANCE
INVESTMENTS
RETIREMENT

securian.com

400 Robert Street North, St. Paul, MN 55101-2098
©2019 Securian Financial Group, Inc. All rights reserved.

F71834-42 Rev 4-2019 DOFU 4-2019
773955