One-Way Buy-Sell Agreement

A Business Continuation Strategy

You have worked hard to create a successful business. In fact, the business has continued to grow and you now have a group of full-time and part-time employees who help make your business successful. While you hoped one of your children would become an important part of your business, as is often the case, your children chose to pursue other dreams. Now, at the age of 58, you find yourself thinking more about retirement and asking yourself what will happen to my business and to my family's financial security?

As sole owner of a business—whether it is set up as an unincorporated proprietorship or a single-owner corporation—you face a unique set of business continuation problems. **Will you be able to sell the business in order to retire comfortably? How would your family find a buyer, pay off creditors, collect outstanding receivables and, more importantly, obtain income if you were to die prematurely?**

Four years ago, you had the insight to hire an individual who now manages the business. Although younger, she brought with her several years of experience from a competitor and has been a key player in the company's continued growth. She has conveyed an interest in buying the business. Since you can identify a possible buyer from among your employees, a **One-Way Buy-Sell Agreement** funded with a life insurance policy may be the solution to your business continuation concerns.

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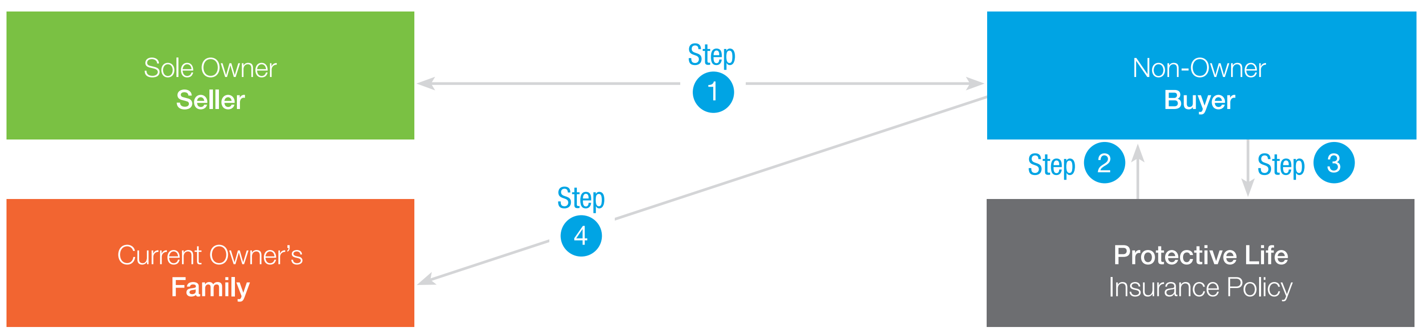
The One-Way Buy-Sell Agreement starts with the following process

- *The sole Owner commits to selling, and the Buyer (key employee) commits to purchasing the business at the death or retirement of the current Owner.*
- *The business value is agreed upon in advance by both parties.*
- *Typically, the Buyer does not assume the business liabilities—they are paid off during estate administration after the Owner's death.*
- *The net proceeds are distributed to the deceased Owner's surviving spouse and children, in accordance with the provisions in his or her Will or Trust.*

The Funding Process

- *Typically, the key employee (Buyer) purchases a life insurance policy on the Owner's life sufficient to meet his or her obligations under the Buy-Sell Agreement.*
- *The Buyer is owner and beneficiary of the life insurance policy.*
- *The Buy-Sell Agreement requires the Buyer to maintain the policy, by paying premiums and notifying the Owner before exercising any policy rights that might affect the policy's value.*
- *The Owner may choose to bonus the premium dollars to the Buyer to help fund the premium payments.*
- *The Buy-Sell Agreement may prevent the Owner from disposing or assigning key business assets without the consent of the Buyer.*
- *The life insurance policy can be funded so that policy values can be used to help buy the Owner's business interests at his or her retirement.*

How it Works.



Step 1	Current business owner enters into a One-Way Buy-Sell Agreement with key employee/non-owner under which the Owner agrees to sell, and the employee agrees to buy the business upon the Owner's death, retirement, or disability and at a specific price.
Step 2	The non-owner purchases life insurance on the life of the Owner and is named the beneficiary to assure that he/she will have the funds to buy the business at the Owner's death.
Step 3	At Owner's death, the Buyer receives life insurance proceeds from the insurance company.
Step 4	The Buyer uses the life insurance proceeds to carry out his/her purchase obligation under the One-Way Buy-Sell Agreement.

For more information, contact
your Financial Representative.

Life insurance is issued by Protective Life Insurance Company, 2801 Highway 280 South, Birmingham, AL 35223.

www.protective.com