



## Cross endorsed buy-sell

### Preparing for the untimely loss of a business partner

#### **Your challenge**

If your business partner died tomorrow, you could be faced with a downturn of revenue, diminished marketability and a new business relationship with your partner's family.

#### **A potential solution**

You may need a large amount of money in a short timeframe if your partner passes away. By funding a cross endorsed buy-sell arrangement with a life insurance policy that you own, you could have an asset at your disposal to help you buy out your partner's family.

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**Because your  
business is  
your life**

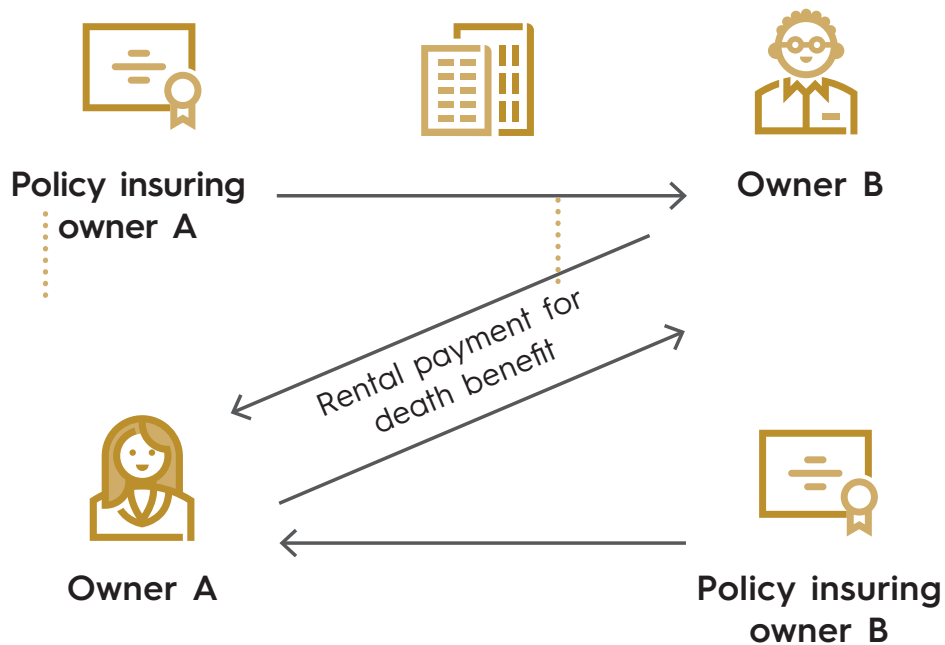
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## Why life insurance?

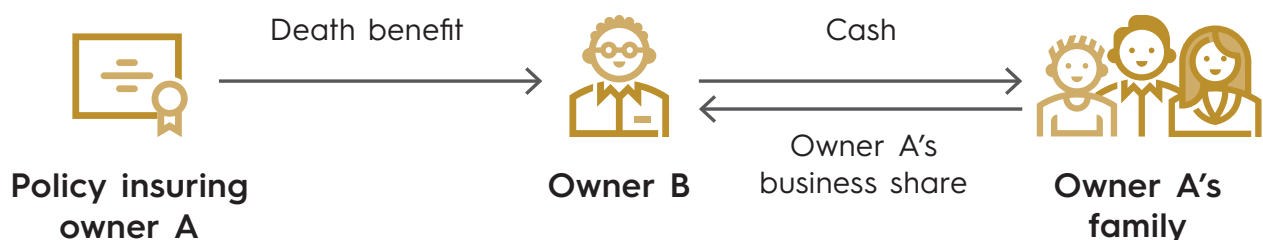
Permanent, cash value life insurance is a long-term financial tool that can provide an immediate source of funds with which to buy out your partner's surviving family.

### How does a cross endorsed buy-sell arrangement work?

- 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 insuring him/herself.
- A portion of the death benefit is endorsed to the other owner(s).<sup>1</sup>



- If Owner A dies first, Owner B receives the endorsed death benefit from Owner A's policy.
- 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.



## Why use a cross endorsed buy-sell?

### Benefits

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- Helps ensure the business is transferred according to the owners' wishes
  - Policy can also be used for personal objectives, like supplemental retirement income
  - Gives a basis increase for surviving owners on the ownership purchased from the deceased owner
  - Cash value and death benefit are safe from business creditors
  - Works well for two or three business owners
  - Allows business owners to own and control the life insurance policies funding the agreement
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## Why not use a cross endorsed buy-sell?

### Considerations

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- Not safe from personal creditors
  - Administration can be complex with more than two or three business owners
  - Annual rental fee will be considered taxable income each year
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**At fortress brokerage solutions, we're here for family. And we're here because of it.**

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.



### Learn more

To learn how you can implement a cross endorsed buy-sell agreement to help ensure business continuity, contact your financial professional today.



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