

If all things are equal you'll get your piece of the pie.

If you share ownership in a business, you've probably already drafted a buy-sell agreement and funded it with life insurance. Then you filed it away with your other personal documents, and assumed everything was fair, equitable and in good order – that cash equal to your share of the business would go directly to your family. And the business to your partners. Good assumption, right? Actually, the facts may speak otherwise.

Few insurance-funded buy-sell agreements are what anyone would call fair and equitable. Because almost always, the surviving partner reaps the greater reward. If you're unfortunate enough to die first, your heirs lose.

After your death, your heirs are normally required to sell your share of the business (let's assume 50%) for an amount equal to a specified value. The buyout is funded by your life insurance proceeds. Sounds fair so far. Until you realize that your family gets 50% of the value, while your partner gets 100% of the business. Moreover, at your partner's death, his heirs will inherit the real windfall: insurance proceeds plus 100% of the business. Because you died first, your heirs weren't so fortunate.

Let's assume Business AB is valued at \$10 million. If Equal Partner A dies on April 15 and Equal Partner B dies the next month, their heirs won't inherit equal shares, as the chart below shows.



Equal partnership should mean equal treatment.

A simple enough equation on paper. But getting it right takes a rare combination of planning and expertise. Precisely what the professionals at Sagemark Consulting can offer.

What makes our succession planning services any different from those you may now be receiving? We're analysts as well as advisors. The planning strategies we'll show you will be based on a careful assessment of your situation. We'll

make the recommendations, but you'll make all the decisions. Tell us what you think is appropriate for you, your heirs and your partners. We'll help make sure your buy-sell agreement gives everyone appropriate treatment. No matter who dies first.

That's the only fair way. Find out more. Contact your local Sagemark Consulting representative today.

Equal Partner A's Heirs	Equal Partner B's Heirs
\$5 million cash (insurance proceeds)	\$10 million business value +\$5 million cash to beneficiary (insurance proceeds)
\$15 million total value	