



# A Buy-Sell Agreement for Business Succession

One of the key components of a business succession plan is a carefully crafted buy-sell agreement. A buy-sell agreement is a contract designed to facilitate the transition of the business should the owner die unexpectedly or sustain a disability. Its primary functions include the following:

1. Creating a market for a deceased owner's business interest.
2. Legally binding the owner's estate to sell his or her shares for a predetermined price to partners or shareholders (a **cross-purchase agreement**), to the business itself (an **entity agreement**), or both (a **hybrid**, or "**wait-and see**" agreement).

Life insurance is often used to fund a buy-sell agreement. The time to plan for business succession is *now*, before the need arises.

STBPB001-X