



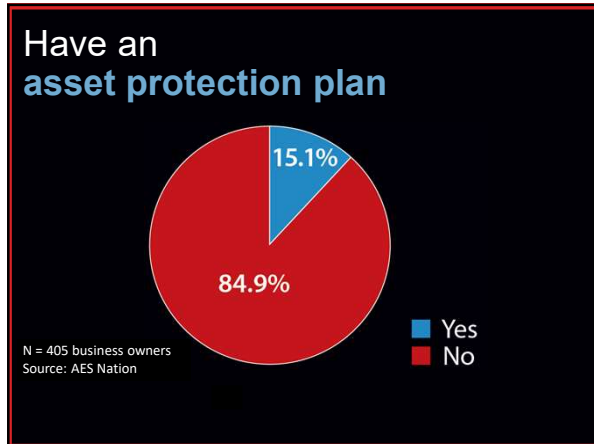
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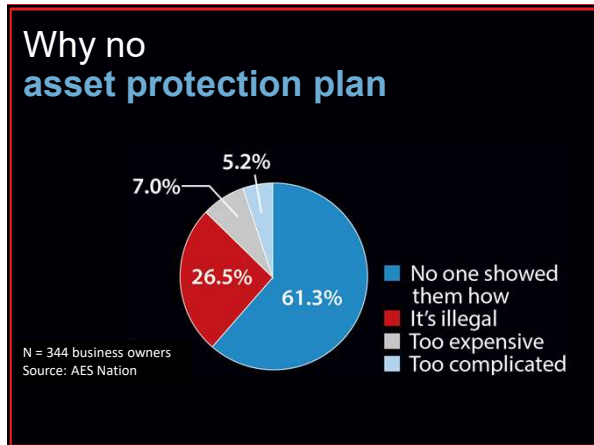
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The role of buy-sell agreements:

- Common buy-sell provisions
- Common Types of agreements
- Triggering events
- Valuation & determining price
- Terms & conditions
- Funding a purchase obligation



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Checklist for Reviewing a Buy-Sell Agreement 

Client: _____ Date Prepared: _____
 Prepared by: _____ Reviewed by: _____

Purpose: This checklist should be used to help ensure that the relevant points have been included (or at least considered) when a buy-sell agreement is drafted.


	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Identity of Parties			
1. Are all existing owners and the entity itself named or otherwise specifically identified in the agreement? If community property, have spouses been included?	_____	_____	_____
2. Are all individuals holding an option to purchase ownership interests included as parties to the agreement?	_____	_____	_____
3. Is there a provision conditioning future acquisitions of ownership interests on the new owners accepting the agreement's terms and provisions?	_____	_____	_____
4. If spouses are not actual parties to the agreement, have they at least executed a consent to its terms and an acknowledgment of how any disposition of their community property or marital interest in the entity's ownership will be handled?	_____	_____	_____
Valuation Method Alternatives:			

All webinar resources are found at:
<https://legacy-by-design.com/webinar-succession-planning-for-farming-professionals/>

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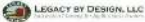
Retaining key employees:

- Identify key employees
- Communicate
- Enforce a family employment policy
- Use written job descriptions
- Define wages, salaries, benefits, and bonuses



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Comparison of Monetary Incentives

 LEGACY BY DESIGN, LLC

Monetary Incentive	Effect on Employer Cash Flow	Ownership Dilution	Employee Motivation	Employer's Tax Deduction	Employee's Tax Consequences
Restricted Stock	None. Additional stock issued or treasury shares are transferred to employee.	Yes, when restrictions lapse.	Usually requires employee to fulfill a service requirement to receive any benefit. Also motivates to perform since employees benefit from stock appreciation.	Deduction equal to value of stock when restrictions lapse or when employee elects to recognize income under IRC Sec. 83(b).	Ordinary income when restrictions lapse or Section 83(b) election made. If 83(b) election made and executive fails to meet restrictions, no offsetting deduction.
Incentive Stock Option	None. Additional stock issued or treasury shares.	Yes, when option is exercised.	Employee remains and performs because he or she participates in stock appreciation. Also must meet holding requirements.	None, unless employee makes alternative election.	Capital gain when stock is sold. Ordinary income equal to option spread when exercised if disqualifying.

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Succession Planning

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