

Business Owner's Life & Disability Checklist

Key Life & Disability Insurance Questions

1. Does your buy/sell agreement define a buyout process in the event of an owner's death?
2. What is the current fair value of the business, determined by the owners, in the event of an owner's death?
3. What is the value indicated in the provisions of your buy/sell agreement?
4. Are the death buy out provisions of your buy/sell agreement funded with life insurance?
5. Is the life insurance sufficient to fully fund the buyout obligation at today's value and the projected value in 3-5 years?

If not, what will be the impact of the additional debt liability at an owner's death on the business, the deceased owner's family, and the existing relationship with any business or personal lenders?

6. Is there any possibility of incurring multiple buyouts on an unplanned basis because of a combination of owners' retirements and death?
7. Will the buyout life insurance continue cost effectively as long as owners are likely to continue their ownership? (A common example of poor alignment is term life insurance that has a few years of level premium remaining when stock ownership is likely to continue for 10-15 years.)
8. Do the life insurance ownership and beneficiary provisions match the provisions of the buy/sell agreement? Is this arrangement tax effective?
9. Is the life insurance cost effective for the time period the death benefit will be needed (usually the projected maximum period of the insured's continuing ownership)?

The Zimdars Company, Inc.

406 Science Drive
Suite 206
Madison, WI 53711-1071

608-231-2700
800-448-2927
Fax: 608-231-6837
info@zimdars.com
zimdars.com



10. Do one or more owners have personal guarantees on business debt?
11. If so, is the debt callable at the owner/guarantor's death? Is there the possibility that the debt guarantee could continue to the deceased owner's estate and family even though they have been bought out of the business?
12. Can these debt obligation guarantees be negotiated in writing now to end at the owner's death? Or, should term life insurance be purchased to protect the family from these debt risks at an owner/guarantor's death?
13. Does your buy/sell agreement have any provisions regarding the total or partial disability of an owner? If so, how is disability defined?
14. How will an owner be compensated in the event of a prolonged disability?
15. The odds of total disability lasting longer than 90 days are approximately three times the odds of death during a working career. Do you have adequate disability insurance and are you getting the maximum benefit from very cost effective group long term disability insurance?
16. Do you have a written salary continuation agreement for owners in the event of their disability? This planning could improve potential Social Security benefit calculations, as well as lessen the risks of conflict and potential litigation.

SECURITIES OFFERED THROUGH VALMARK SECURITIES, INC. MEMBER FINRA/SIPC.
CORPORATE OFFICES: 130 SPRINGSIDE DR, STE 110, AKRON, OH 44333-2431, (800)765-5201
JOHN C. ZIMDARS, JR. IS A REGISTERED REPRESENTATIVE OF VALMARK SECURITIES, INC.
THE ZIMDARS COMPANY, INC. & VALMARK SECURITIES, INC. ARE INDEPENDENTLY OWNED AND OPERATED.