



**FINANCIAL
GROUP**

HEALTH & WEALTH

A 254 FINANCIAL GROUP KIT

Business Owner's Legacy Kit

Buy-Sell, Key Person & Succession Essentials for Protecting the Business You've Built.

Protect Your Family. Build Wealth. Leave a Legacy.

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HOW TO USE THIS KIT

If you couldn't run the business tomorrow, would it continue without you?

Your business may be one of your biggest assets. It may provide income for your family, employ other people, support your community, and represent years of sacrifice.

This kit helps you identify the people, agreements, funding, insurance, and succession decisions that can make the difference between **a business that survives a crisis** and one that becomes difficult to sell, divide, or transfer.

Work through it honestly. Check the boxes you have covered, mark the ones you don't, and bring the whole thing with you when you meet with an agent or advisor.

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01 Start With the "What If?"

Before thinking about insurance or agreements, think about the situations that could seriously disrupt your business.

- ☐ What happens if I die unexpectedly?
- ☐ What happens if I become seriously ill or permanently disabled?
- ☐ What happens if my business partner dies?
- ☐ What happens if my business partner wants to leave?
- ☐ What happens if our relationship breaks down?
- ☐ What happens if the person running a critical part of the business suddenly leaves?
- ☐ Could my family afford to keep the business?
- ☐ Could my family afford to sell the business without accepting a poor offer?
- ☐ Who would make decisions if I could no longer make them?
- ☐ If I disappeared from the business tomorrow, who could realistically take over?

YOUR BIGGEST RISK

The one event that would cause the greatest disruption to my business is:

02 Know What Your Business Is Worth

You can't create a meaningful succession or buy-sell strategy if you don't have a reasonable idea of what the business is worth.

- ☐ I know approximately what my business is worth today.
- ☐ I know how that value was determined.
- ☐ I have identified the company's major assets.
- ☐ I know what debts and liabilities the business has.
- ☐ I know how much of the business I personally own.
- ☐ My ownership percentage is documented.
- ☐ I know what my ownership interest would be worth if I died or left the business.
- ☐ I have considered how the value of the business could change over the next 5–10 years.
- ☐ I have considered what would happen to the business value if I were no longer involved.

03 If You Have Partners: Your Buy-Sell Plan

*A **buy-sell agreement** sets out what happens to an owner's interest when certain triggering events occur, such as death, disability, retirement, or departure. Without an appropriate agreement, ownership can potentially end up in the hands of people the remaining owners never expected to be in business with.*

- ☐ We have a written buy-sell agreement.
- ☐ All owners understand what the agreement says.
- ☐ The agreement identifies events that can trigger a buyout.
- ☐ The agreement explains how an owner's interest will be valued.
- ☐ The agreement explains who can or must purchase the departing owner's interest.
- ☐ The agreement explains how the purchase will be funded.
- ☐ We have reviewed whether the agreement still reflects the current value of the business.
- ☐ We have reviewed the agreement after significant changes in ownership or the business.
- ☐ The agreement has been reviewed by an appropriate attorney.

04 How Would the Buyout Be Funded?

Having a buy-sell agreement is one thing. **Having the money to carry it out is another.**

A SIMPLE EXAMPLE

THE BUSINESS	ONE OWNER DIES	THE OBLIGATION
\$2 million owned 50 / 50	\$1 million interest to purchase	Where would that money come from?

Possible funding sources — which apply to you?

- ☐ Business cash reserves
- ☐ Financing
- ☐ Personal funds
- ☐ Installment payments
- ☐ Life insurance
- ☐ Another funding arrangement
- ☐ I know exactly how a buyout would be funded if one owner died.
- ☐ The funding available is reasonably aligned with the potential buyout obligation.

This is where life insurance can sometimes play an important role in a properly structured buy-sell arrangement. The appropriate structure depends on the business, ownership arrangement, policy, and legal and tax considerations.

05 Key Person Protection

*Some employees are difficult to replace. But some people are **so critical to the business that losing them could cause a significant financial impact.** Think beyond the owner.*

- ☐ I have identified the people who are critical to my business.
- ☐ I know which employees have relationships, skills, knowledge, or responsibilities that would be difficult to replace.
- ☐ I have considered what would happen if a key employee died unexpectedly.
- ☐ I have considered what would happen if a key employee became unable to work.
- ☐ I know how long it would realistically take to replace each key person.
- ☐ I have considered the financial cost of recruiting and training a replacement.

- ☐ I have considered whether the business should have key person life insurance on particularly important individuals, where appropriate.
- ☐ I have identified someone who could temporarily take over critical responsibilities.

06 Don't Build a Business Only You Can Run

If everything depends on you, you may own a job rather than a transferable business.

- ☐ Can someone else access the information needed to run the business?
- ☐ Are important processes documented?
- ☐ Does someone else know how key client relationships are managed?
- ☐ Are passwords, contracts, licenses, financial records, and other critical information properly organized and accessible to authorized people?
- ☐ Can someone else make important operational decisions if I am unavailable?
- ☐ Have I trained someone to take over important responsibilities?
- ☐ If I took a six-month absence from the business, what would break first?
- ☐ What part of the business depends almost entirely on me?

07 Succession: Who Comes Next?

Succession isn't only about death. You may eventually want to retire, sell the business, transfer it to your children, transfer ownership to employees, bring in another owner, or merge with another company.

- ☐ I know what I eventually want to happen to my business.
- ☐ I have identified potential successors.
- ☐ My potential successor has the skills needed to run the business.
- ☐ I have started preparing that person for greater responsibility.
- ☐ I have considered whether my children actually want to run the business.
- ☐ If more than one child may inherit the business, I have considered how ownership and decision-making would work.
- ☐ I have considered what happens to family members who don't receive ownership.
- ☐ I have considered whether the business could provide enough value or income to make the succession fair.

08 Your Family's Financial Picture

Your business and your family's financial future may be closely connected.

- ☐ My family knows that I own a business.
- ☐ My family knows approximately what the business is worth.
- ☐ My family knows who to contact if something happens to me.
- ☐ I have considered how my family would replace my business income.
- ☐ I have considered how business debts or obligations could affect my family.
- ☐ I have considered whether my life insurance coverage provides adequate financial protection.
- ☐ I have considered whether my family should own the business, receive its value, or have another arrangement.
- ☐ I have considered how my estate plan and business succession plan work together.

09 Documents & Information

A good plan isn't useful if nobody can find it.

- ☐ Business formation documents are organized.
- ☐ Ownership records are current.
- ☐ Buy-sell agreements are accessible.
- ☐ Insurance policies are documented.
- ☐ Key contracts are organized.
- ☐ Business debts and obligations are documented.
- ☐ Important licenses and registrations are documented.
- ☐ Financial records are organized.
- ☐ Key professional contacts are documented.
- ☐ Someone I trust knows where the critical business information is located.
- ☐ I have a secure process for authorized access to important digital accounts and records.

SECTION 10

Your Business Legacy Check

Take a moment and answer these honestly. If I couldn't work tomorrow...

Who would run my business?

Who could make important decisions?

What would happen to my employees?

What would happen to my clients or customers?

What would happen to my business partners?

How would my family receive the value I've built?

What is the biggest weakness in my current plan?

What is the one thing I need to address first?

SELF-ASSESSMENT

Your Business Legacy Scorecard

Area	I'm Prepared	Needs Attention	I Don't Know
Business valuation	☐	☐	☐
Buy-sell agreement	☐	☐	☐
Buy-sell funding	☐	☐	☐
Key person protection	☐	☐	☐
Succession plan	☐	☐	☐
Business continuity	☐	☐	☐
Family protection	☐	☐	☐
Business insurance	☐	☐	☐
Estate plan coordination	☐	☐	☐
Important documents	☐	☐	☐

BEFORE YOU MEET WITH AN AGENT

Bring what you already have.

You don't need to have everything figured out. Consider bringing:

- ☐ Current business ownership information
- ☐ Existing buy-sell agreement
- ☐ Current business insurance information
- ☐ Life insurance information
- ☐ Approximate business valuation
- ☐ List of business partners
- ☐ List of key employees
- ☐ Current succession documents or plans
- ☐ Your biggest concerns about the future of the business

NEXT STEP

Come With Questions. Leave With a Clearer Picture.

A 254 Financial Group agent can help you explore the **insurance and financial-protection side** of your business strategy, including areas such as key person protection, life insurance, and funding considerations for certain succession or buy-sell arrangements.

For legal agreements, business structures, and tax matters, work with the appropriate attorney and tax professional.

The Business You Built Should Outlast the Unexpected.

Speak with a 254 Financial Group agent about protecting your business, your partners, and your family.

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This checklist is for educational purposes only and is not legal, tax, accounting, valuation, or personalized financial advice. Buy-sell arrangements, business succession strategies, insurance ownership, and tax treatment can vary significantly depending on the business and circumstances. Consult qualified legal, tax, valuation, and financial professionals before implementing a strategy.