



Partner's Protection Plan

Without proper protection a partnership can fail --due to loss of goodwill, restrictions in lending, loans being called, cash flow problems, estate taxes, or the need to support surviving spouses of the business.

Over 90% of American businesses are family owned. Three quarters will fail after an owner dies. Consider the following questions: Could you afford to pay your partner's salary to their heirs? Is there enough cash to buy your partner's interest from their family? Can you afford a substantial bank loan? Would you allow your partner's heirs to sell business assets (and pay capital gains), to settle estate taxes?

If you answered "no" to any of the above questions, you should seriously consider a *funded* buy-sell agreement. Those who already have a written agreement, but have zero funding, run the risk of a serious business failure. A properly *funded* agreement provides substantial cash benefits when a partner dies.

Partner's Protection Plan is not a "one-size-fits-all" solution, but instead utilizes FFR's *5D Process* to properly assess, prepare, and present multiple solutions for funding business buy-sell agreements, salary continuation, survivor benefits, loan payments, estate taxes, and the continuation of necessary cash flow.

The following is a short list of analysis, audit, and design solutions that FFR currently provides:

Business Protection Plan Techniques

- Business Buy-Sell Plans • Funding Analysis
- Successor Management Plan Designs
- Partnership Control and Succession Audit
- Key Person Replacement / Retirement Funding
- Fully Insured Defined Benefit Plans (412i)
- Deferred Compensation / Salary Continuation
- Explore Transfer Tax Payments Under 6166
- Split Dollar and Reverse Split Dollar Analysis
- Existing Life Insurance Portfolio Audit

Questions that Concern Partners

When considering retirement goals, will there be enough capital to support all the partner's retirement needs without continued employment at the partnership? Will the heirs continue to receive ample income?

Are any of the partners widowed or divorced? Do they lack an *unlimited marital deduction*? What are the estate and transfer tax liabilities? Will the heirs keep the business intact, or liquidate assets for a cash?

Is there a funded "buy-sell" program currently in place that will provide ample cash liquidity after a partner's death --rather than adding long-term costs and liabilities? If not, have you done a buy-sell "audit" to suggest solutions that can increase the balance sheet when a partner meets normal life expectancy?

Who takes financial responsibility when one of the partner dies and survivors want to liquidate assets to pay personal debts, property taxes, income taxes, estate taxes, lines of credit, or fund their own retirement?