

The background of the slide features a close-up, warm-toned photograph of a rolled-up document. A pen is visible, resting on the document, and a ruler is partially visible at the bottom. The overall aesthetic is professional and legal.

Benefits of
Insured Stock Repurchase
Agreements
&
Key Man Insurance

Why your company can't afford not
to have them!!!

CARLIN LAW GROUP, APC (619)615-5325

What are they?

- Insured Stock Repurchase Agreement
 - Used to buy back shares with insurance proceeds
- Key Man Insurance
 - Insurance on individuals in a company necessary for its ‘going concern’
 - If they are gone the company would incur a financial impact

Why do you need it

- Repurchase shares of deceased shareholder
 - Create Instant Liquidity to buy back company stock
 - Benefits Family & Company
 - Minimize disruption going forward
- To compensate company for absence of key person
 - Fill the financial gap left by key person

What Happens Without

- Company Lacks Liquidity to Buy out Heirs
 - Without a repurchase agreement the heirs of deceased owner take over their ownership position
 - No pre-established mechanism for valuation and buyout of ownership position
 - All parties are “stuck” with each other going forward

How is it Done?

- Stock repurchase Agreement
 - Life insurance provides liquidity to buy back shares
 - Insurance Premiums Paid by company
 - Establishes Agreed Upon Means of Valuation
 - Avoid future cost and problems

Why an Insured Repurchase Agreement?

- Most companies lack the liquidity necessary to repurchase ownership interest
- Insurance provides the necessary liquidity
- Buy back of decedent's ownership interest increases the value of remaining owners' interest
- Buy back of decedent's ownership interest provides cash to decedent's surviving family members or designees

What Does it Cost?

- Rates Are Based on:
 - Gender
 - Age
 - Health
 - Duration of Policy Period
- Examples
 - 50 year old non-smoking male w/ preferred health status can obtain \$1 million in coverage for approximately \$80 per month