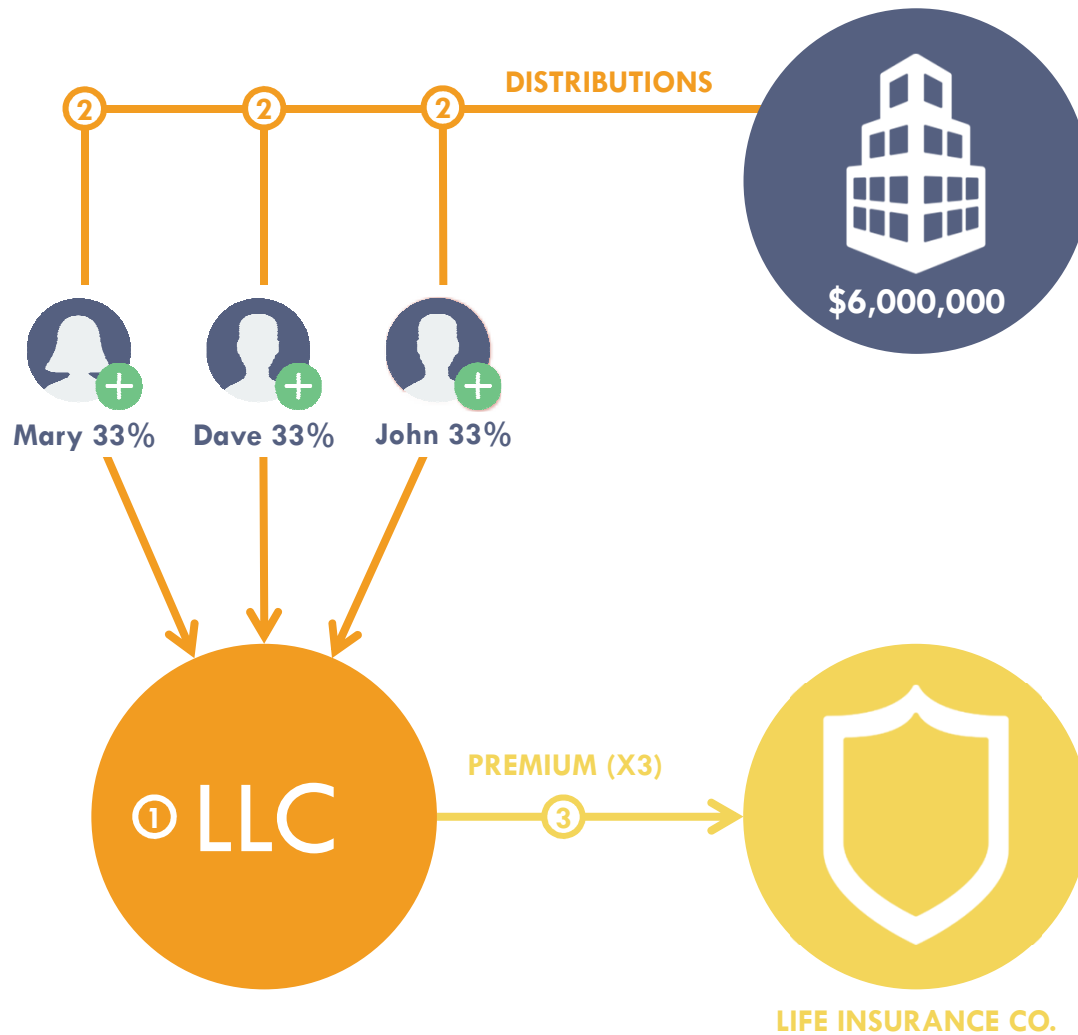


CP Business Planning Funding an LLC Buy/Sell

Buy/Sell Fundamentals



- ① Owners establish a Special Purpose LLC designed specifically for holding the life insurance policies.
- ② Each owner makes contributions from their business income into the LLC equal to the premium for the policy on their life. The LLC is the owner, payer, and beneficiary of the policies.
- ③ The LLC pays premiums to the life insurance company for all 3 policies.



Funding of premiums is fair & equal



LLC is the owner, beneficiary and payer of all policies



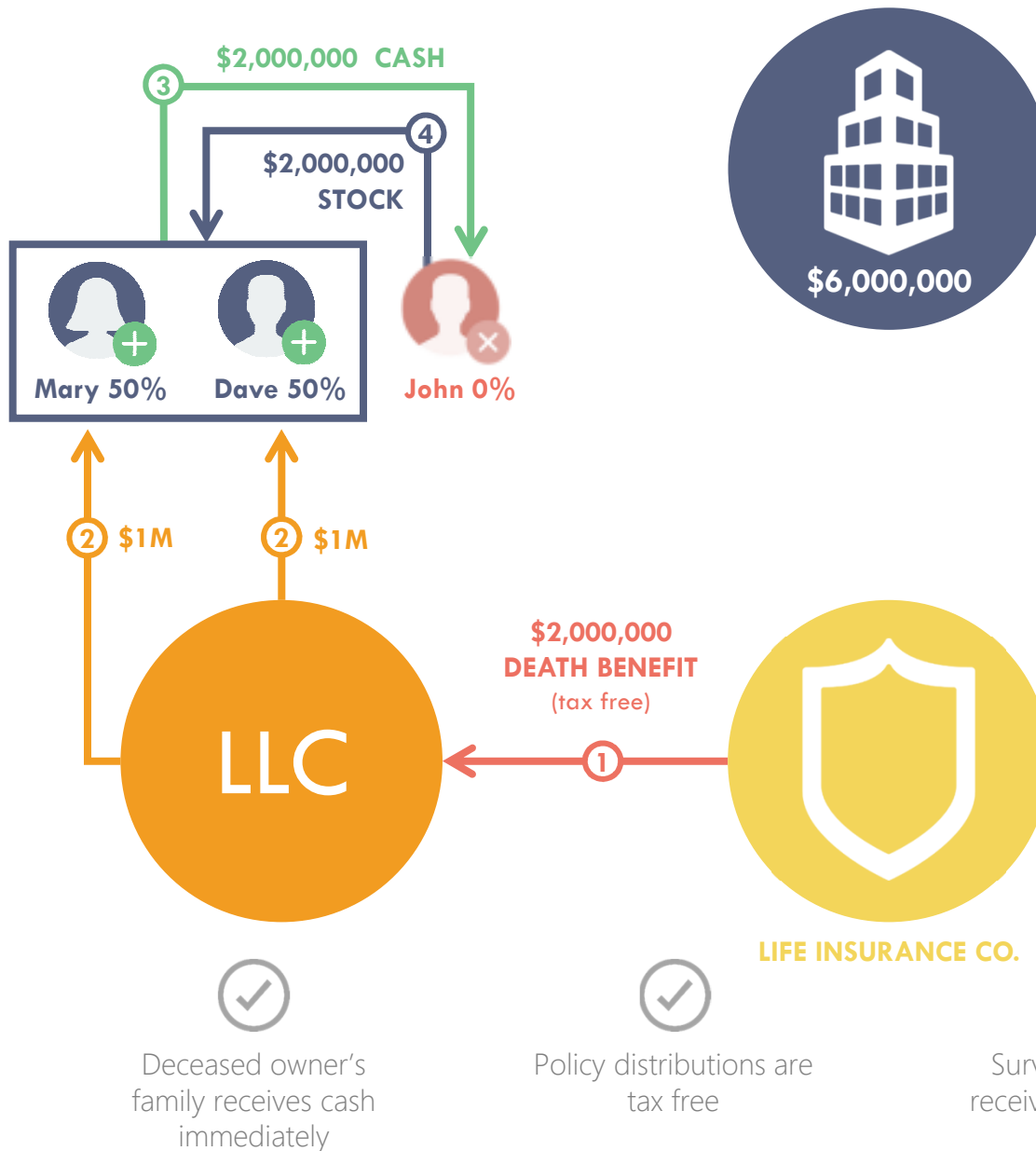
LLC elects to be taxed as a Partnership



Transfer of policies in/out are exempt from Transfer of Value

CP Business Planning LLC Buy/Sell at Death

Buy/Sell Fundamentals

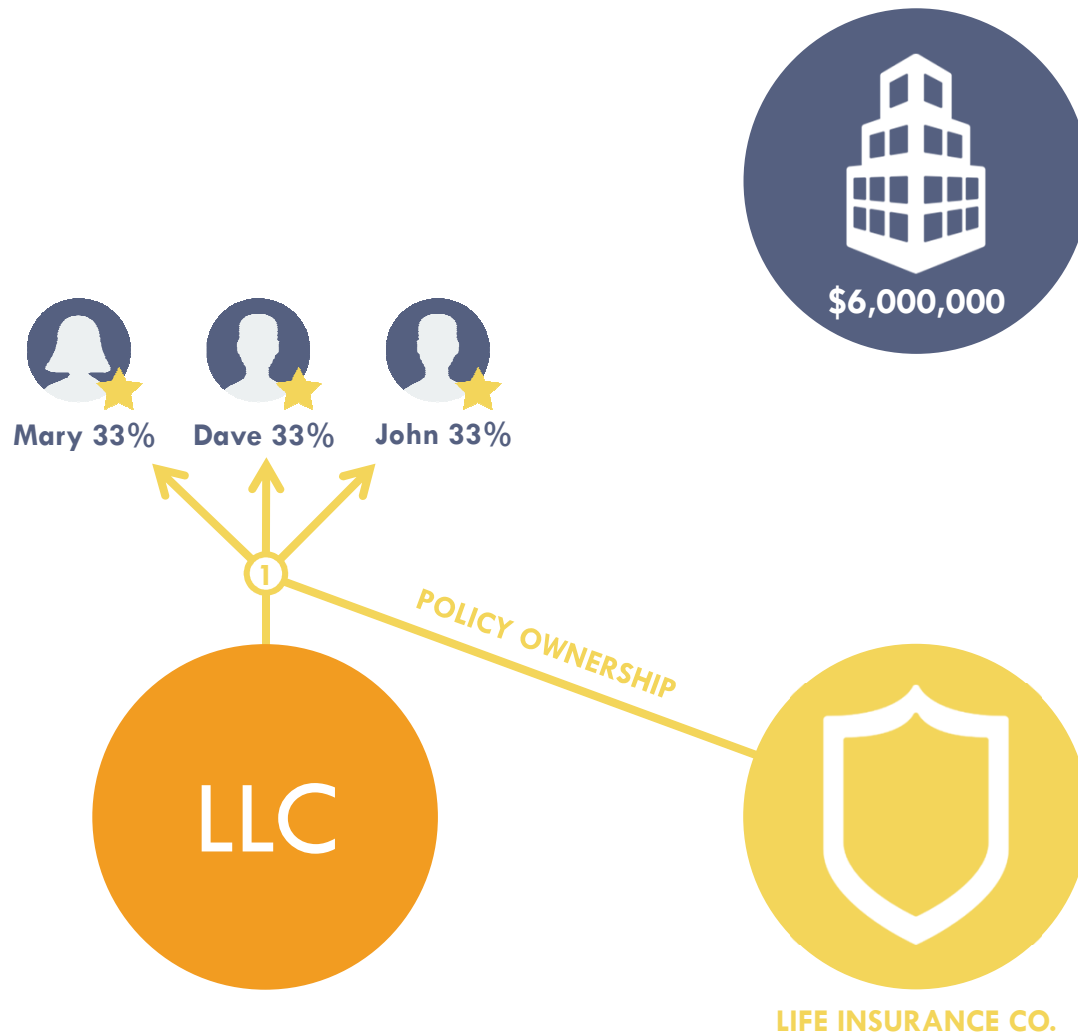


- ① Upon John's death, the life insurance company pays the LLC a tax free death benefit equal to John's ownership interest.
- ② The LLC pays the life insurance proceeds equally to surviving owners, Mary & Dave.
- ③ Mary & Dave use these proceeds to buy John's portion of the business from his estate.
- ④ John's estate sells John's portion to the business equally to Mary & Dave.

*While the insureds are alive and the policies are held in the LLC, a charging order is the best remedy judgment creditors may obtain against an insured-member where the LLC is domiciled in states that limit creditors to charging orders.

CP Business Planning LLC Buy/Sell at Retirement

Buy/Sell Fundamentals



- ① Ownership of the life insurance policies is transferred from the LLC to each individual.
- ② The LLC is dissolved upon retirement and/or exit of all partners.



Each owner retains their own policy



Permanent Death Benefit can allow the spenddown of business sale proceeds



Only possible tax is any gain above the basis in policy values



Qualifies for IRS "Transfer of Value" exemption