

Buy-Sell Planning Arrangements



	Redemption	Cross-Purchase	Wait & See	Trusteed
Owner of Life Insurance	Business is owner and beneficiary of policies.*	Business owners are the owners and beneficiaries of the policies.	Business owners are the owners and beneficiaries of the policies.	Trust is owner and beneficiary of the policies.
Cost of Life Insurance	Divided among the owners proportionate to ownership.	Paid by owners; cost of insurance is higher for younger owners who own policies on older owners.	Paid by owners; cost of insurance is higher for younger owners who own policies on older owners.	Cost of insurance may be allocated as desired.
Cash Value of Life Insurance	Policy cash values are a business asset subject to the claims of the business creditors. * Policy value may increase business value. Consult with your tax and legal advisors for guidance.	Policy cash values are an asset of the business owners and subject to the claims of their individual creditors.	Policy cash values are an asset of the business owners and subject to the claims of their individual creditors.	Policy cash values are owned by the trust and subject to the claims of the creditors of the individual owners only to the extent of their interests in the trust.
Number of Policies Required	One policy per business owner.	Number of policies needed is equal to $N \times (N-1)$ where N = number of owners.	Number of policies needed is equal to $N \times (N-1)$ where N = number of owners.	One policy per business owner.
Change of Ownership Interest	Results in a proportional increase in the ownership interests of the remaining/surviving owners.	Permits owners to achieve the ownership percentage desired.	Permits owners to achieve the ownership percentage desired.	Permits owners to achieve the ownership percentage desired.
Tax Basis Changes	No change in surviving owners' basis in the business.	Surviving owners increase their individual cost basis in business.	Surviving owners increase their individual cost basis in business.	Surviving owners increase their individual cost basis in business.

This tax-related discussion reflects an understanding of generally applicable rules and was prepared to assist in the promotion or marketing of the transactions or matters addressed. It is not intended (and cannot be used by any taxpayer) for the purpose of avoiding any IRS penalties that may be imposed upon the taxpayer. New York Life Insurance Company, its agents and employees may not provide legal, tax or accounting advice. Individuals should consult their own professional advisors before implementing any planning strategies.

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