



Lafayette Life  
Insurance Company

A member of Western & Southern Financial Group

ADVANCED MARKETS

BUSINESS CONTINUATION  
PLANNING



## Buy-Sell Agreement

*Ensuring your Business Continuation  
with Lafayette Life*



## Would your business survive without you?

- Will your business continue to thrive in your absence?
- Are there family members, co-owners, or key employees who could continue to successfully run the business without your guidance?
- Will your family be financially secure if your business cannot continue?

**Most small businesses fail to survive beyond the first generation. One reason is the failure to plan for the disposition of the business at an owner's death, disability, retirement or withdrawal.**

Where the appropriate plan of action would be to sell the business interest, establishing a formal plan for the sale of your business may be one of the most important actions you ever take with respect to your business. A buy-sell agreement is one way to help ensure the continuation of your business, guarantee a buyer and help make sure your family is taken care of financially.

## What is a Buy-Sell Agreement?

A buy-sell agreement is a legally binding contract that establishes how a business interest will be transferred if a triggering event occurs—such as death, disability, retirement, or withdrawal. One way of funding the agreement is the use of life insurance, and a policy from [Lafayette Life] may provide the needed liquidity to fund your buy-sell agreement.

### Buy-Sell Agreement Benefits:

- Guarantees a buyer for your business interest.
- Establishes a fair price.
- Helps ensure a smooth transition of ownership.
- Reduces the potential for disputes.
- Sets the terms of the purchase and identifies the events that trigger a buyout.
- Protects the business from unintended ownership changes.

### Advantages of Using Life Insurance to Fund the Buy-Sell Agreement:

Life insurance is a common and effective way to fund a buy-sell agreement. A Lafayette Life policy can provide the liquidity needed at the exact time it's required.

- Financing is generally guaranteed from the beginning.
- Death benefit proceeds are generally income tax-free.
- Cash value can be used for a buyout due to retirement or disability (*Death benefit amount will be reduced if cash value is withdrawn from the policy*).
- Company's credit position could be strengthened.
- Generally cost-effective compared to alternative funding methods.

**Your Lafayette Life agent is prepared to work with you and your advisors to create the programs that are best for your company. Call today to learn more.**

Risks, costs and benefits of a buy-sell program should be evaluated carefully.

To ensure the income tax-free nature of the death benefit for certain business-owned life insurance policies, it is necessary to comply with Internal Revenue Code Section 101(j) for policies issued after August 17, 2006. These rules require that the insured/employee receive notice of, and consent to, the issuance of a life insurance policy where the business/employer is the owner and beneficiary for the policy and will continue to be the beneficiary after the insured leaves the business.

## THE LAFAYETTE LIFE INSURANCE COMPANY

With more than 115 years of service to policyholders, The Lafayette Life Insurance Company is a financially strong provider of individual life insurance, annuities, and retirement and pension products and services. Lafayette Life is a member of Western & Southern Financial Group, Inc., a family of financial services companies whose heritage dates back to 1888. Find out more about our financial strength and distinguished history at [LafayetteLife.com](http://LafayetteLife.com).



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Loans will accrue interest. Loans and withdrawals may generate an income tax liability, reduce the Account Value and the Death Benefit, and may cause the policy to lapse. The policy may be issued as a Modified Endowment Contract (MEC) for tax purposes. Any withdrawals or surrenders could result in a taxable event.

**No bank guarantee. Not a deposit. May lose value. Not FDIC/NCUA insured. Not insured by any federal government agency.**

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