



# Buy-Sell Questionnaire

AIMCOR – AIMCOR EIG | Corporate & Business Planning Solutions

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Information in this report should not be used in any actual transaction without the advice and guidance of a licensed financial professional. In some instances, a Tax Advisor and/or Attorney should also be contacted for counsel. This information is presented in good faith and general in nature.

*AIMCOR Group, LLC is not an insurer and does not issue contracts for coverage.*

06.2023

## CONFIDENTIAL CLIENT QUESTIONNAIRE FOR BUY-SELL AGREEMENT

All information provided is confidential and protected

### Purpose of this Questionnaire

The primary purpose of a Buy-Sell Agreement is to predefine when owner(s) may transfer (sell, gift, bequeath) all or a part of their interest in the company. Restrictions on transfer can help assure that control of the company remains with those people preferred by the owners. Another important purpose is to provide a mechanism to pay for a departing owner's interest. Most agreements address what is to occur if there is a retirement, disability or death of an owner. Each company must determine which events are to be addressed and what is to happen when an event occurs. By completing this questionnaire, you can help ensure that our time together is productive

### Company Information

Company Name \_\_\_\_\_

Address \_\_\_\_\_ Bus Telephone No. \_\_\_\_\_

Primary Contact Person \_\_\_\_\_ Telephone No. \_\_\_\_\_

Primary Contact E-mail Address \_\_\_\_\_

State of Organization: \_\_\_\_\_ Tax ID No. \_\_\_\_\_

Entity Type: Sole Proprietor \_\_\_\_ C Corporation \_\_\_\_ S Corporation \_\_\_\_

LLC (Limited Liability Company) \_\_\_\_ General Partnership \_\_\_\_ Limited Partnership \_\_\_\_

Type of Business Activity: \_\_\_\_\_

### Owners and Executive Board

Identify Owners (Shareholders, Members, Partners) and Members of Executive Board (Directors, Officers).

Name	Capacity <i>(owner, director, etc.)</i>	% Ownership	Active or Inactive	Date of Birth	Marital Status

Are there any franchise, distributor or representative agreements to which the company is bound? \_\_\_\_ Yes \_\_\_\_ No

### Business Succession

Is there an existing buy-sell agreement? \_\_\_\_ Yes \_\_\_\_ No *If yes, please bring a copy of agreement to first meeting.*

### Death of an Owner

Deceased Owner's Interest is 51% or more:

- Does the spouse/estate/trust have the option to retain the interest or must they sell? \_\_\_\_ Sell \_\_\_\_ Retain
- If must sell, who is obligated? \_\_\_\_ Company \_\_\_\_ Other Owners \_\_\_\_ "Wait and See"
- If spouse/estate/trust can retain but **chooses** to sell, are owners/company required to buy? \_\_\_\_ Yes \_\_\_\_ No
- If required, who is obligated? who is obligated? \_\_\_\_ Company \_\_\_\_ Other Owners \_\_\_\_ "Wait and See"
- If an option, who has first option? \_\_\_\_ Company \_\_\_\_ Other Owners \_\_\_\_ "Wait and See"

Deceased Owner's interest is 50% or less:

- Does the spouse/estate/trust have the option to retain the interest or must they sell? \_\_\_ Sell \_\_\_ Retain
- If must sell, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If spouse/estate/trust can retain but **chooses** to sell, are owners/company required to buy? \_\_\_ Yes \_\_\_ No
- If required, who is obligated? who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If an option, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"

**Disability of an Owner:** Answer **ONLY** if disability buyout/overhead insurance will not be purchased:

- Time elapsed before buyout provisions become effective \_\_\_\_\_

**Can the disabled owner retain his/her ownership interests?**

If his/her interest is 51% of more? \_\_\_ Yes \_\_\_ No

- If no, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If yes, and the disabled owner chooses to sell, must the other owners buy? \_\_\_ Yes \_\_\_ No
- If the interests must be purchased, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If it is an option to purchase, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"

If his/her 50% or less \_\_\_ Yes \_\_\_ No

- If no, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If yes, and the disabled owner chooses to sell, must the other owners buy? \_\_\_ Yes \_\_\_ No
- If the interests must be purchased, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If it is an option to purchase, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"

**Retirement of an Owner**

How is retirement defined? (eg: Minimum years of service or minimum age or combination of both.)

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May the retired owner choose to retain his/her ownership interests where the retired owner's interests are:

If his/her interest is 51% of more? \_\_\_ Yes \_\_\_ No

- If no, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If yes, and the disabled owner chooses to sell, must the other owners buy? \_\_\_ Yes \_\_\_ No
- If the interests must be purchased, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If it is an option to purchase, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"

If his/her 50% or less \_\_\_ Yes \_\_\_ No

- If no, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If yes, and the disabled owner chooses to sell, must the other owners buy? \_\_\_ Yes \_\_\_ No
- If the interests must be purchased, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"
- If it is an option to purchase, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ "Wait and See"

**Voluntary Termination of an Owner:** Should the agreement address this issue? \_\_\_ Yes \_\_\_ No

How is voluntary termination defined? (eg. Relocation or change in career.)

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How is voluntary termination distinguished from retirement?

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- Is it required or optional for the company or the other owners to purchase? \_\_\_ Yes \_\_\_ No
- If yes, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”
- If it is an option to purchase, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”
- Should the purchase price be discounted when an owner leaves with minimal years of service? \_\_\_ Yes \_\_\_ No
- If yes, what do the owners have in mind? \_\_\_\_\_

**Involuntary Termination of an Owner:** Should the agreement address this issue? \_\_\_ Yes \_\_\_ No

- Can an owner be fired? \_\_\_ Yes \_\_\_ No
- If yes, for what reasons? (eg. Failure to produce, felony conviction) \_\_\_\_\_  
\_\_\_\_\_
- If yes, by what process (eg. by vote of the board, etc):  
\_\_\_\_\_  
\_\_\_\_\_
- If yes, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”
- If it is an option to purchase, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”
- Should the purchase price be discounted when an owner leaves with minimal years of service? \_\_\_ Yes \_\_\_ No
- If yes, what do the owners have in mind? \_\_\_\_\_

**Voluntary Lifetime Transfers by an Owner**

- Can an owner sell his/her interest to a third party without first offering to sell to other owners? \_\_\_ Yes \_\_\_ No
- If no, who has first option to purchase? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”

**Transfer due to Owner’s Personal Bankruptcy/Creditor Liens**

- Is it required or optional for owners or company to purchase interests if bankruptcy/creditor lien? \_\_\_ Yes \_\_\_ No
- If required, who is obligated? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”
- If an option, who has first option? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”

**Transfers due to an Owner’s Divorce**

- If shares are to be transferred due to divorce/separation, is ex-spouse required to sell interest? \_\_\_ Yes \_\_\_ No
- If yes, does the divorcing owner have first right? \_\_\_ Yes \_\_\_ No
- If divorcing owner does not elect, who has next right? \_\_\_ Company \_\_\_ Other Owners \_\_\_ “Wait and See”

**Key Employees:** (List below)

Name	Position	Date of Birth	Relationship to Owner?

- As part of a succession plan, is ownership interest to be transferred to any the key employees? \_\_\_ Yes \_\_\_ No
- If yes, will the interest be purchased or gifted? \_\_\_ Purchased \_\_\_ Gifted

Family

- Can an owner gift his/her interests to a family member not listed above? \_\_\_ Yes \_\_\_ No
- Can an owner sell his/her interest to a family member other than those listed above? \_\_\_ Yes \_\_\_ No
- Does each owner currently have a family trust? \_\_\_ Yes \_\_\_ No
- Can an owner transfer his/her ownership interests into a family trust? \_\_\_ Yes \_\_\_ No

**Purchase Price of the Company**

- What do you estimate is the value of your company? \$ \_\_\_\_\_
- What methodology did you use to determine the value? \_\_\_\_\_
- Is there an industry standard method used to value companies in your industry? \_\_\_ Yes \_\_\_ No \_\_\_ Not sure
- If yes, please identify the organization that publishes the standard: \_\_\_\_\_
- If yes, identify the method of valuation \_\_\_\_\_

**Funding the Purchase** *Note: It is recommended that a tax advisor be consulted on this matter.*

Purchasing the Departing Owner’s Interests - Funds will come from: (applicable funding method for each event)

	100% from insurance proceeds	Partially from insurance proceeds	Cash – Personal owner assets	Cash – Business assets	Loan(s) from 3 <sup>rd</sup> -party
<b>Death</b>					
<b>Permanent Disability</b>					
<b>Retirement</b>					
<b>Voluntary Termination</b>					
<b>Involuntary Termination</b>					
<b>Owner’s Bankruptcy or Lien</b>					
<b>Divorce</b>					

- Who will pay for and own any insurance policies? \_\_\_\_\_
- Who will be the beneficiary(ies) of the policies? \_\_\_\_\_
- Will any of the policy proceeds be available for use by the company? \_\_\_ Yes \_\_\_ No
- What type of policies will be purchased (eg. term, whole life, etc.)? \_\_\_\_\_
- What is the current (or anticipated) policy benefit amount for each policy? \_\_\_\_\_

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## Terms of Payment

Payment terms generally are either Lump Sum or Installments. Specific payment terms may vary by type of event. Please indicate how the purchase price is to be paid for each event type:

	Lump Sum	Installments
<b>Death</b> Life insurance proceeds equal purchase price No life insurance proceeds or proceeds not sufficient to pay full purchase price		
<b>Permanent Disability</b> Disability buyout insurance proceeds equal purchase price No buyout insurance or proceeds not sufficient to pay full purchase price		
<b>Retirement</b>		
<b>Voluntary Termination</b>		
<b>Involuntary Termination</b>		
<b>Owner's Personal Bankruptcy/Creditor Lien</b>		
<b>Divorce</b>		

For each event where the purchase price is to be paid in installments, complete the following:

	Down Payment (if any)	Frequency	# of installments	Interest Rate %	Payment start date:
<b>Death</b> <i>Life insurance proceeds equal purchase price</i> <i>No life insurance proceeds or proceeds not sufficient to pay full purchase price</i>					
<b>Permanent Disability</b> <i>Disability buyout insurance proceeds equal purchase price</i> <i>No buyout insurance or proceeds not sufficient to pay full purchase price</i>					
<b>Retirement</b>					
<b>Voluntary Termination</b>					
<b>Involuntary Termination</b>					
<b>Owner's Personal Bankruptcy/Creditor Lien</b>					
<b>Divorce</b>					

Upon completion, please return this form along with any additional documents pertaining to the information provided to your AIMCOR – AIMCOR EIG Regional Office.