

**IMPORTANT CONSIDERATIONS FOR THE SUCCESSION
OF A FAMILY BUSINESS
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I. General Overview and Observations

- A. Family Business Succession Planning Is Comprised of Several Significant Components
 - 1. The existence of a family business, which is managed and, at least predominantly, is owned, by members of the same family.
 - 2. The desire to continue to manage the business by and through family members during multiple generations.
 - 3. The willingness of family members to collaborate to maintain family control of the business through the changes in generations.
 - 4. The recognition that both non-tax and tax factors and objectives are indigenous to transfers between family members.

- B. Contribution of Family Businesses and Survival Rate
 - 1. About 17 Million Family Businesses (90% of Total Businesses in America and 35% of the S&P 500), Accounting for 64% of GDP and Employing 62% of the United States Work Force (the “backbone of the United States economy)
 - 2. About 30-33% Survive after One Generation and 10-15% after Two Generations

- C. The “Evolution” of the Family Business from Formation to Transfer (per ACTEC 2012 Summer Meeting, presented by American Law Institute on 9/11/12, Dennis I. Belcher, Ann B. Burns and Louis A. Mezzullo), A Business Succession Construct
 - 1. The Family Business **Begins**
 - 2. The Family Business **Expands**
 - 3. The **Founder Retires** from the Family Business

4. Family Business **Leadership Transitions**
 5. The **Founder Dies**
 6. The Founder's **Family Blows Up**
 7. The Family Business is **Sold or Transferred**
- D. Fundamental Considerations of the Founder of a Family Business
1. Survival of the business over the long term (avoid a forced liquidation)
 2. Maximization of family financial support from the business
 3. Provision of employment stability for family members
 4. Protection of the business interests of heirs from the claims of creditors, in-laws, disabilities, etc.
 5. Ongoing retirement income for older generations; minimize transfer taxes

II. Keeping the Family Business Attractive to Prospective Suitors

- A. Solid Organizational Documents
1. Articles of Incorporation and Bylaws (for a corporation)
 2. Articles of Partnership (for a general or limited partnership)
 3. Articles of Organization and Operating Agreement (for a limited liability company)
- B. Up-to-Date Stock Book/Minute Book/etc. with Evidence of Ownership of the Business
- C. Title Documents for Business Assets
1. Deeds for Immovable Assets
 2. Bills of Sale/Invoices for Movable Assets

- D. Debt Related Documents–Promissory Notes, Security Agreements, Mortgage and Pledge Documents, UCC-1 Filing Statements, etc. (Particularly if Intra-family Debt Is Used)
- E. Financial Records/Tax Returns
 - 1. “Inside Records” Prepared by the Client
 - 2. “Outside Records” Prepared by the Independent Accountant, Financial Account Representative, Banker or the Like
- F. Insurance Records/Policies
 - 1. Comprehensive General Insurance Policy
 - 2. Workers’ Compensation Insurance
 - 3. Officers and Directors Liability Insurance
 - 4. Employee Bonds
 - 5. Products Liability Insurance
 - 6. Business Continuation Insurance
 - 7. “Key Employee” Life Insurance
- G. Contracts and Leases
 - 1. Premises Lease(s)
 - 2. Equipment Leases
 - 3. Employment Contracts/Non-competition Agreements
 - 4. Retirement Plan Trust and Related Agreements
- H. Current Appraisal of the Business

III. Sale or Transfer of the Family Business

A. The Sales “Team”

1. Business Owners and Management (Significant Business Employees)
2. Attorneys (Business/Transactional/Tax/Estate Planning/Personal)
3. Accountants (Internal and External/Personal)
4. Insurance Representatives (Life/Property and Casualty/Personal)
5. Real Estate Agent/Business Valuation Expert/Appraiser
6. Banker (Business/Personal)
7. Family Business Counselor

B. Sale/Transfer Status of a Family Business, at any Given Time

1. Not for sale, not even a present consideration
2. Informal interest shown (“a few bumps, here and there,” but nothing specific); owner would consider selling
3. Interest in purchasing the business has been shown; owner waiting on an offer and prepared to sell
4. Offer pending, under review by the family business owner
5. Offer accepted; sale pending

C. Eligible Targets of a Lifetime (Versus Date of Death) Transfer/Sale of a Family Business Entity

1. To Business “Insiders”
 - a. Family Members
 - b. Current Employees
 - c. Combination of Family Members and Current Employees
2. To Third Parties Unfamiliar with the Conduct of the Business, Usually

Competitors

3. Comprehensive, Rather than Piecemeal, Considerations
- D. Legal Forms of Transfer
1. Donation (Outright or in Trust)
 2. Sale (Outright, in Trust, or to an Entity)
 3. Pursuant to a Will
 4. Pursuant to a Buy-Sell Agreement
- E. Significant Pragmatic and Psychological Considerations in Transferring to a Family Member (See, “M. Heitner, “A Psychiatrists Guide to Succession Planning,” Probate & Property, a Publication of the Real Property, Trust and Estate Law Section, American Bar Association, September/October, 2012, Vol. 26, No. 5, pp. 52-56)
1. Which Family Member(s)? (“They don’t want to run the business,” or, “They are too lazy to run the business,” or, “Sick Family, Sick Business.”)
 2. When Should Transfer Occur? (“Am I too young,” or “What does my spouse think,” or, “I hate watching TV.”)
 3. At What Price, or under What Terms, Should Transfer Occur? Will the Internal Revenue Service Accept the Price or Challenge It?
 4. How Should Excluded Family Members Be Handled in the Overall Family Setting? Is “Equalization” an Option? Is Fairness Possible?
 5. Will the Family Successors Manage the Family Business as Well as the Founder? (“The business will fail without me.”)
- F. Extraction of Value from the Family Business by the Founder
1. Sale during lifetime to other family members
 - a. Cash
 - b. Promissory note
 - c. Combination of cash and promissory note
 2. Grantor retained annuity trust (“GRAT”) or Intentionally Defective Grantor Trust (“IDGT”)

3. Sale in return for a lifetime private annuity or a self-cancelling installment note (“SCIN”)
 4. Ability of the family business to generate income to pay the promissory note or the annuity amount
 5. Family business incentive opportunities
 - a. \$50,000 of corporate group term life insurance
 - b. Funded deferred compensation plans
 - c. Leases of property used by the business
 - d. Consulting arrangements
 - e. Disability insurance
 - f. Long-term care
 - g. Non-qualified deferred compensation
- G. Traditional forms of transfer of interests in a family business to non-family members
1. To Employees
 - a. Sale (stock sale or asset sale) sometimes with letter of intent
 - b. Pursuant to Buy-Sell Agreement
 - c. Employee Stock Ownership Plan (ESOP)
 2. To Third Parties
 - a. Asset sales, **usually more favorable to the purchaser**
 - 1) New (usually higher) tax basis established for acquired assets, with the right to re-depreciate capital assets
 - 2) Seller typically incurs more ordinary income tax
 - 3) Seller typically incurs less capital gains tax
 - 4) Contingent/unknown liabilities not an issue
 - b. Stock/Equity sales, **usually more favorable to the seller**
 - 1) Stock/Equity interest sale subject to lower capital gains taxes
 - 2) Generally a simpler transaction to analyze/draft
 - 3) Unknown liabilities a significant factor, particularly taxes
 - c. Both sometimes preceded by binding letter of intent

IV. Sale of Family Business Interest Using a Buy-Sell Agreement

- A. Advantages of a Buy-Sell Agreement
 1. Avoid Disputes and Disruption upon the Occurrence of a “Triggering Event,”

Particularly Death or Retirement from the Business

2. Provide Certainty to the Remaining Equity Interest Owners and the Families of the Shareholders
 - a. Price (and How to Calculate)
 - b. Terms and Funding of Payment of the Purchase Price
 - c. Identify the “Triggering Events” Which Activate the Agreement (Discussed More Fully Below)
 - d. Establish Date of Death Value for Federal Estate Tax Purposes
3. Provide Liquidity for the Estate/Survivors of a Deceased Co-owner or for a Withdrawing/Retiring Co-owner

B. Types of Buy-Sell Agreements

1. **Redemption Agreement** (i.e., the Entity Acquires/Redeems its own Equity Interests from the Equity Owner or his/her estate)—If Funded with Life Insurance on the Various Owners, the Insurance Premiums are Nondeductible Capital Expenditures to the Corporation and, Similarly, Life Insurance Proceeds Are Not Taxable to the Corporation

Trap for the Unwary: Redemptions in the Context of Family Owned Businesses Must Address the Constructive Ownership Test of Section 302 of the Internal Revenue Code, to Avoid the Characterization of the Transfer as a Constructive Dividend, Taxable at Ordinary Income Rates (Which, for Dividends, Currently Is the Same as the Capital Gains Rate) Rather Than a Sale Subject to Capital Gains Rates

2. **Cross-Purchase Agreement** (e.g., the Other Owners Acquire the Equity Interests, Either Pro Rata or Pro Rata in Accordance with Those Who Participate in Acquiring), Often Funded with Insurance Acquired on the Life of the Other Owner(s)—Insurance Premiums are Nondeductible Personal Expenses and, Similarly, Life Insurance Proceeds Are Not Taxable to the Owners
3. **Hybrid Agreement** (Combines Elements of Redemption and Cross-Purchase Agreements, e.g., Some Equity Interest Redeemed, Some Purchased by Other Equity Owners)

Trap for the Unwary: If the Owners Have the Primary Duty, and the Corporation Has the Secondary Duty, the Owners (in the Case of a C Corporation) Will Be Treated as Having Received a Dividend to the Extent of Corporate Earnings If the Corporation Redeems Shares, Pulliam v.

Commissioner, 48 T.C.M. 1019 (1984) and Revenue Ruling 69-608, 1969-2 C. B. 42 (If the redemption by the Corporation Relieves the Shareholder of a “primary and unconditional obligation” to Purchase the Stock.)

C. Sale “Triggering” Events in the Buy-Sell Agreement

1. Death
2. Permanent and Total Disability
3. Voluntary Retirement/Withdrawal or Termination (with or without cause)

“Purchase Price upon Non-retirement Withdrawal. Upon the withdrawal of a Member other than for the purpose of retirement, the Company shall pay to the Member an amount equal to his or her capital account. If a withdrawing Member performs work for Company clients whose billings were attributable to another Member, such withdrawing Member shall pay an amount equal to twenty (20%) percent of payments received from such clients during each of the following five (5) years. The payment of the total purchase price due to the withdrawing Member shall be made in equal quarterly installments commencing with the first business day of the first calendar quarter immediately succeeding the date on which the withdrawal occurs and ending one (1) year from the date thereof. In the event of any default of the Company in the payment of any installment of purchase price, which default shall continue for a period of ten (10) days after written notice of such default shall have been given to the Company, the withdrawing Member shall have the right and option to declare the full amount of the balance due and payable forthwith and to demand and receive the same.

Purchase Price upon Withdrawal for Retirement. Upon the withdrawal of a Member for the purpose of permanent retirement from the practice of public accounting, the Company shall pay to the Member an amount equal to total billings as used in the retired Member’s compensation formula for the preceding calendar year. Notwithstanding the foregoing, however, if a retiring Member performs work for Company clients whose billings were attributable to another Member, such retiring Member shall pay an amount equal to

twenty (20%) percent of payments received from such clients during each of the following five (5) years. The payment of the total purchase price due to the retiring Member shall be made in equal quarterly installments commencing with the first business day of the first calendar quarter immediately succeeding the date on which the retirement occurs and ending five (5) years from the date thereof. The Company shall have the right to prepay quarterly installment obligations at any time. In the event of any default of the Company in the payment of any installment of purchase price, which default shall continue for a period of ten (10) days after written notice of such default shall have been given to the Company, the retiring Member shall have the right and option to declare the full amount of the balance due and payable forthwith and to demand and receive the same.”

4. Divorce
5. Bankruptcy
6. Bona Fide Third Party Offer to an Equity Owner (“Right of First Refusal” to Company and to Other Equity Owners)
7. Either Company or Equity Owners Have Exercise Rights upon a Triggering Event
8. Each Triggering Event Can Be Either Optional or Mandatory

D. Purchase Price Agreement or Formula

1. “Net Book Value”--

“The purchase price shall be the net book value of the shares. The Net Book Value shall be the value of net assets of the Corporation determined from the Corporation’s books at the amounts stated therein adjusted in accordance with generally accepted accounting principles or the principles and methodology utilized by the regular accountants for the Corporation who prepare the Corporation’s financial statements, which determination shall be conclusive and binding on all concerned. Except as otherwise provided herein, Net Book Value shall be determined as of the end of the month immediately preceding the month in which the event giving rise to a purchase and sale hereunder shall occur.”

2. Annual Review Agreed Value/Periodic Revaluations (“Certificate of Agreed Value”)
3. Asset Based Formula
4. Appraised Value (Periodic)
5. Commonly Accepted Industry Standard for the Particular Type of Business–

“a. Purchase Price Portion Set by Appraisals. The purchase price shall be the Fair Market Value of the Membership Interests, which under this Section shall be comprised of two components and shall be determined as of the date of death of the deceased Member or the date of transfer of the living Member by appraisals pursuant to the terms as set forth below. The remaining Member and the living Member, or the deceased Member’s successor in interest, as the case may be, jointly shall select two (2) appraisers, one to appraise the value of the land and building in which the Company conducts business at _____, _____, Louisiana, and one to appraise the veterinary practice equipment and supplies. If the parties cannot agree on the selection of an appraiser for either or both separate components, each party shall select an appraiser and such appraisers so selected jointly shall appoint a third appraiser who shall appraise either or both of the two components of the Company operations specified herein. Such appraisals shall be binding upon the parties. The appraisers shall be instructed to exclude from the value of the Membership Interests of the deceased Member any proceeds received or receivable by the Company from any insurance policies on the life of the deceased Member.

b. Purchase Price Portion Set by Formula. In addition to the appraisals of the land and building, as well as the veterinary equipment and supplies, provided above, the purchase price also shall include an amount equal to the intrinsic value of the veterinary practice. Such value shall be equal to seventy-five (75%) percent of one-half (1/2) of the gross revenue of the Company for the prior year of operations, as determined from the Company’s books and records by the regular accountants for the Company who prepare the Company’s financial statements, which determination shall be conclusive and binding on all concerned. Such value shall be determined as of the end of the month immediately preceding the month of death of the Member.”

E. Structured Payment of the Purchase Price

1. Cash Only, Lump Sum Payment
2. Promissory Note Only
 - a. Demand Note/Deferred Payment
 - b. Term Note/Deferred Payment
 - c. Interest Rate Considerations
 - 1) Wall Street Prime, Plus
 - 2) Libor
 - 3) Agreed Rate Set in Advance
 - 4) Adjustable Rate
 - 5) “Applicable Federal Rate” As of a Particular Date
3. Part Cash/Part Promissory Note
4. Provide for Balance of Payment if Life Insurance Is Insufficient

F. Valuation of Equity Interests for Federal Estate Tax Purposes—Section 2703(a)

1. Used by the Internal Revenue Service to Make Its Own Valuation of a Business for Federal Estate Tax Purposes, Irrespective of Any Option, Agreement or Other Right to Acquire or Use the Property or Any Restriction on the Right to Sell or Use the Property
2. Section 2703(b) Specifies, However, that Section 2703(a) Does Not Apply, If the Option, Agreement, Right or Restriction:
 - a. Is a Bona Fide Business Arrangement;
 - b. Is not a Device to Transfer Such Property to Members of the Decedent’s Family for Less Than Full and Adequate Consideration; and
 - c. Its Terms Are Comparable to Similar Arrangements Entered into by Persons in Arm’s Length Transactions (Based upon Evidence of Other Agreements Presented by the Taxpayer, the Expected Term of the Agreement, Current Fair Market Value of the Property, Anticipated Changes in Value during the Term of the Agreement and Adequacy of Consideration Given in Exchange for Rights Granted)

“Adjusting Price Based upon Federal Estate Tax Liability. Should the Internal Revenue Service successfully determine the value of the Membership Interests to be greater than that determined pursuant to this Agreement, and such value results in an increase in federal estate tax liability, the purchase price shall equal the value of the deceased Member’s Membership Interests as finally determined.”

3. Safe Harbor from Application of Section 2703 of the Internal Revenue Code “if more than 50% by value of the property subject to the right or restriction is owned directly or indirectly by individuals who are not members of the transferor’s family.”

G. “Put and Call” Option–

“1. Corporation Call

The Corporation has the ongoing right to purchase the Shares owned by any Shareholder at any time and from time to time (which right is referred to herein as a “call”). A call may be exercised by the Board at any time upon written notice sent to the Shareholder, which notice shall state the Shares to be called and the effective date of the purchase. Upon the exercise of a call, the Shareholder whose Shares are being called shall sell to the Corporation the number of Shares called as of the effective date determined by the Board and for the purchase price and upon the payment terms provided in this Agreement.

2. Shareholder Put

Each Shareholder who is an employee of the Corporation or any of its affiliates has the right to Put the Shares owned by the Shareholder to the Corporation upon termination of such employment, provided that this Put may only be exercised as to all Shares the Shareholder owns (directly or upon exercise of a stock option). If the Shareholder is a Living Trust, then this Put shall be effective upon termination of employment of the individual who is the grantor of such trust. A Put must be exercised within sixty (60) days after the effective date of the termination of employment by written notice sent to the secretary of the Corporation. Upon the exercise of a Put, the Corporation shall purchase the Shares owned by that Shareholder for the purchase price and payments terms provided in this Agreement.”

H. Tag Along and Drag Along Rights--

“No Shareholder or group of Shareholders (collectively, the “Transfer Group”) shall transfer any Shares, directly or indirectly, in a single transaction or series of related transactions, to any person (the “Offeror”), if as a result of such transfer(s) more than fifty percent (50%) of the outstanding Shares would be owned by the Offeror, unless such Offeror gives the parties to this Agreement who are not included in the Transfer Group (the “Minority Shareholders”) the option to sell to the Offeror, at the same price and on the same terms and conditions as offered to the Transfer Group, all or any portion of the Shares held by the Minority Shareholders.

At the option of the Transfer Group, all Shareholders who have not tendered their Shares pursuant to the Section Tag-Along Rights shall be required to transfer their Shares to the Offeror at the same price and on the same terms and conditions as offered to the Transfer Group.”

V. Sales of Stock in a Subchapter S Corporation

A. Limitations Still Exist on the Number and Types of Allowable Shareholders

1. 100 or Fewer Shareholders (Husband and Wife, and Their Estates, Are One Shareholder) who, Generally, Are Individuals
 - a. Individuals, Certain Trusts (Grantor Trusts, “QSST” and “ESBT” Trusts, Voting Trusts), a Deceased Shareholder’s Estate, a Bankrupt Shareholder’s Estate and Specified Tax-exempt Organizations
 - b. No Partnerships, Corporations or Nonresident Aliens as Shareholders
2. Domestic Corporations Only
3. Only One Class of Stock
4. Can Not Be An Ineligible Corporation (Certain Financial Institutions, Insurance Companies and Domestic International Sales Corporations)

B. Efforts Should Be Made Not to Lose/Forfeit Subchapter S Status

VI. Sale to An Employee Stock Ownership Plan (“ESOP”)

- A. Beneficial to Owner of the Business, Because the Sales Proceeds Can Be Invested in Other Securities (Known as “Qualified Replacement Property” under Section 1042(c)(4) of the Internal Revenue Code), with No Immediate Recognition of Federal Income Taxes
- B. Beneficial to Employees of the Business, Because they Have an Equity Interest, through ESOP Accounts, of the Business Which Employs Them, Plus a Retirement Benefit Base upon the Value of the ESOP Account When They Retire or Die
- C. For There to Be Non-recognition of Federal Income Tax to the Selling owner, Three Tests Must Be Satisfied:
 - 1. After the Sale, the ESOP Must Own at Least 30% of Either Each Class of the Issuing Corporation’s Outstanding Stock or the total Value of All Outstanding Stock of the Issuing Corporation
 - 2. A Verified Written Statement of the Employer Must Be Filed Covering the Points Specified in Section 1042(b)(3) of the Internal Revenue Code, and
 - 3. Under Section 1042(b)(4) of the Internal Revenue Code, the Selling Shareholder Must Have a Holding Period of at Least Three Years with Respect to the Qualified Securities

VII. Common Substantive Considerations in Purchase Agreements

- A. Whether to Lock in the Sale with a Binding Letter of Intent, Versus a Non-Binding Letter of Intent
- B. An “Effective Date” Provision for Cut-off and Indemnification Purposes
- C. Price/Consideration Provision Which Recites All Elements of the Consideration for the Sale and How the Consideration Will Be Provided by the Purchaser
 - 1. Purchase Price Adjustments (e.g., Based upon the Performance of Accounts Receivable or the Condition of Inventory)
 - 2. “Clawback” Provisions Based upon Subsequent Events
- D. Some Recitation of the Extent to Which, if Any, Liabilities Are Part of the Acquisition
- E. Representations and Warranties of Both Parties, Which Can Be Extensive Usually Depending upon the Size of the Transaction

F. Non-competition Agreement (e.g., Louisiana Revised Statutes 23:921)

1. Time Period Not to Exceed Two Years
2. Geographic Area Covered by Naming Specified Parishes or Municipalities, or Parts Thereof, Specifically–

“a. Non-Competition. For two (2) years after the effective date of this Agreement, so long as the Buyer carries on the _____ business or a like business, the Individual Sellers each and individually shall not directly or indirectly (i) carry on or engage in, for himself or herself, either alone or in ownership with others (except as a stockholder in a company listed on the New York, American or NASDAQ Stock Exchange where ownership does not exceed five (5%) percent of that company’s issued and outstanding capital stock), in _____ Parish, Louisiana (the “Geographic Area”), a business, whether as a corporation, limited liability company, partnership, proprietorship or other entity, which conducts a business in competition with that of the Buyer; or (ii) become employed by any other person, company, corporation, partnership, limited liability company, group or other entity or enterprise, in the Geographic Area (A) in a position where he or she will solicit any other _____ business of the type then being conducted by the Buyer or (B) perform the same services performed while they were operating (name of business).

b. Non-Solicitation of Customers and Patrons. For two (2) years after the effective date of this Agreement, the Individual Sellers each and individually shall not, for himself or herself or on behalf of any other person, persons, partnership, corporation, limited liability company, or other entity, directly or indirectly, solicit or divert, or attempt to solicit or divert, any customers or patrons of _____ in the Geographic Area.

c. Reasonableness of Covenants. The Sellers and the Buyer acknowledge and agree that the covenants contained herein are reasonable in their Geographic Area, duration of

time and activities embraced, and neither the Sellers nor the Buyer shall raise any issue of reasonableness of the Geographic Area, duration of time or activities embraced in such covenants in any proceeding by the Buyer to enforce such covenants.”

- G. Consulting Agreement for Officers or Directors of the Company Who Will Continue to Assist the New Owners of the Company
- H. Indemnification Provisions, Usually Mutual, As of the Cut-off Date, with Regard to Debts of the Business, Litigation Brought after the Closing, etc.
- I. Arbitration Provisions, If Desired
- J. Choice of Law and Venue Provisions
- K. The “Laundry List” of Miscellaneous Provisions in Purchase Agreements

VIII. Attorney Ethical Considerations Associated with the Representation of Multiple Family Members (and, Their Family Business)

- A. Rule 1.6(a) Pertaining to Nondisclosure of Confidential Information without Client Consent
- B. Rule 1.7 Pertaining to Conflicts of Interest in the Representation of Clients and the Duty of Loyalty to Clients
- C. Rule 1.8(b) Pertaining to the Use of Information to the Disadvantage of a Client, Absent Informed Consent

IX. Gift and Estate Tax Considerations

- A. Federal and State Estate, Inheritance and Transfer Taxes
 - 1. Rates through calendar year 2012 are at the lowest ever (35%)
 - 2. Many states never had, or no longer have, inheritance or transfer taxes
 - 3. Federal estate taxes likely will change, for the worse, in 2013, both in terms of the amount subject to tax and the rate of taxation
- B. Federal Gift Taxes
 - 1. At lowest rates ever (35%) and unified with estate taxes

2. Legislation probably will increase the tax rates and may reduce the amount of gifts from the current \$5,120,000 level
 3. “Annual exclusion” amount increases to \$14,000 in 2013
- C. Estate Planning Opportunities with Family Businesses
1. “Discounting” techniques for minority interests, though may change in 2013 under pending legislation
 2. Use of the Annual Exclusion, now \$13,000 and \$14,000 in 2013
 3. “Freezing” techniques with sales to GRATs, IDGTs, etc.
 4. IRC §303 Stock Redemptions to allow tax-free use of company cash to pay a shareholder’s federal estate tax and some estate administration fees
 5. IRC §6166 deferral of payment of federal estate taxes
 6. Use of Graegin loans from family members or related parties to pay estate taxes (interest deductible on the federal estate tax return)

X. Some Important Uses of Insurance in Family Business Planning

- A. Provide liquidity to pay transfer taxes – particularly where GRAT assets are still in decedent’s estate
- B. Fund buy-sell agreements
- C. Equalize estate for children
- D. “Key Person” insurance
- E. Non-qualified deferred compensation
- F. Fund a §303 redemption
- G. Fund a “put option” in a buy-sell agreement
- H. Long-term care insurance opportunities, purchased through the business