

## Buy Sell Agreements:

### The need -

- Continuity
- No surprise partners
- Liquidity planning
- Dispute resolution
- Fair compensation
- Peace of mind

### The whats of planning-

- Triggering events
- Establish valuation methods
- Determine funding sources

### Triggering events -

- Death
- Disability
- Personal desire or need
- Retirement date reached
- Divorce
- Bankruptcy

### Types -

- Entity redemption
- Cross purchase
- Hybrid
- Wait and see

### Valuation methods -

- Book value
- Fixed price
- Capitalization of earnings
- Multiple of discretionary cash flow
- Multiple of revenue
- Rule of thumb

### Buy/ Sell Decision Hierarchy

Determine **TYPE** of Buy/Sell



Decide Major **Provisions**



Apply Valuation **Mechanics**



Consider **Triggering** Events



Choose **Funding** Techniques