Business Succession
Individual Life Insurance

Products issued by: Minnesota Life Insurance Company | Securian Life Insurance Company

Cross endorsed buy-sell

Preparing for the untimely loss of a business partner

Your challenge

If your business partner died tomorrow, you could be faced with a downturn of revenue, diminished marketability and a new business relationship with your partner's family.

A potential solution

You may need a large amount of money in a short timeframe if your partner passes away. By funding a cross endorsed buy-sell arrangement with a life insurance policy that you own, you could have an asset at your disposal to help you buy out your partner's family.

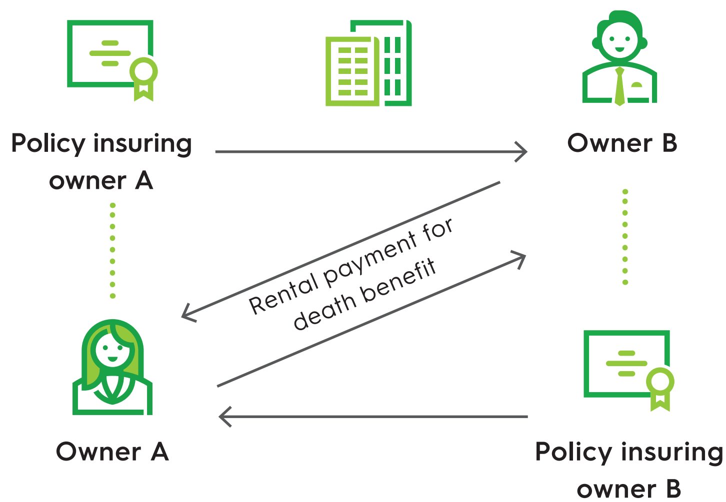
Because your business is your life

Why life insurance?

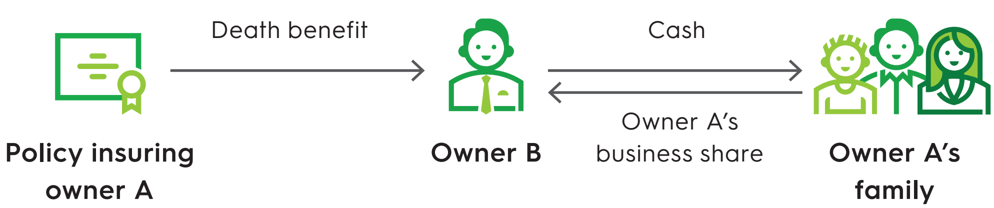
Permanent, cash value life insurance is a long-term financial tool that can provide an immediate source of funds with which to buy out your partner's surviving family.

How does a cross endorsed buy-sell arrangement work?

- The business owners enter into an agreement prepared by an attorney. The agreement provides that on the death of one owner, the surviving owner(s) will buy the deceased owner's share of the business with cash.
- Each business owner applies for and owns a life insurance policy insuring him/herself.
- A portion of the death benefit is endorsed to the other owner(s).[1]



- If Owner A dies first, Owner B receives the endorsed death benefit from Owner A's policy.
- Owner B uses the death benefit to buy Owner A's share of the business from the surviving family.
- Owner A's family receives cash, and Owner B retains the business and becomes the sole owner.



Why use a cross endorsed buy-sell?

Benefits

- Helps ensure the business is transferred according to the owners' wishes
- Policy can also be used for personal objectives, like supplemental retirement income
- Gives a basis increase for surviving owners on the ownership purchased from the deceased owner
- Cash value and death benefit are safe from business creditors
- Works well for two or three business owners
- Allows business owners to own and control the life insurance policies funding the agreement

Why not use a cross endorsed buy-sell?

Considerations

- Not safe from personal creditors
- Administration can be complex with more than two or three business owners
- Annual rental fee will be considered taxable income each year

At Securian Financial, we're here for family. And we're here because of it.

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.

Learn more

To learn how you can implement a cross endorsed buy-sell agreement to help ensure business continuity, contact your financial professional today.

1. With the endorsed death benefits, each owner charges the other owners a fee for "rental" of the death benefit. This fee is based on the reportable economic benefit of the death benefit's cost, and must be reported as taxable income.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

The policy design you choose may impact the tax status of your policy. If you pay too much premium, your policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59 ½, may also be subject to an additional 10% penalty tax.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by, any taxpayer for the purpose of voiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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