



Protect the business you've built

**Disability insurance to fund
a buy-sell agreement**



If one of your partners were disabled, how would you resolve conflicting interests?

If you or a partner became disabled without the prospect of returning to work, how would you transition yourself or a partner out of the business while satisfying the interests of all parties involved?

By establishing a buy-sell agreement, you determine in advance exactly what happens to your or your partner's interest in the business should disability strike.

This creates a clear and effective way to ensure a safe transition of the owner's interest in the business, while easing the burden of all parties involved.

Whether you're a sole proprietor or a business partner, it's important that you have a business continuation plan in place with the proper means of funding it should you or a partner suffer a disability.


Funding your buy-sell agreement with Disability Buy-Out Insurance

Putting a buy-sell agreement in place is an important first step in protecting a business in the event that one of the partners becomes disabled. The next step is to fund the agreement, removing uncertainty from the business and providing reassurances to your creditors, employees, and customers.

Our Disability Buy-Out Insurance is an economical means for funding the agreement, thanks to regular premiums that are known and can be budgeted for — not from depleting savings or investment accounts, drawing from future earnings, or affecting credit sources in order to buy out the disabled partner. It ensures that funds are available in a timely manner without placing the business at risk.

Easy-to-understand business valuation formula¹ in the contract

Our Disability Buy-Out Insurance includes a business valuation formula *right in the policy*. This makes it easier for you and your partners to understand how the business is valued at the time of policy purchase as well as at the time of a claim. Something so important as the value of the business you've worked hard to build should be straightforward in any Disability Buy-Out policy you're considering.



If you or a partner became disabled, are you prepared?

What would happen to your business if you or a partner became disabled?

Our Disability Buy-Out Insurance also:

- Provides occupational rehabilitation and modification and access benefits with an agreed-upon plan to help owners return to their business.
- Offers a Transfer of Coverage Option that preserves medical insurability in the event an owner leaves one business to join another.
- Offers a choice of elimination periods for when benefits begin — 12, 18, or 24 months.
- Waives premiums during total disability — and refunds premiums already paid that apply to the period of disability.
- Enables owners to convert business coverage to an individual disability income policy up to age 55, subject to eligibility requirements.

Flexible choices

You and your partners can decide on having the policy owned by the business, a trust, or the partners. Funding options to complement the provisions of your buy-sell agreement include:

- Lump Sum
- Monthly Installment
- Combination (Down payment followed by Monthly Installments)

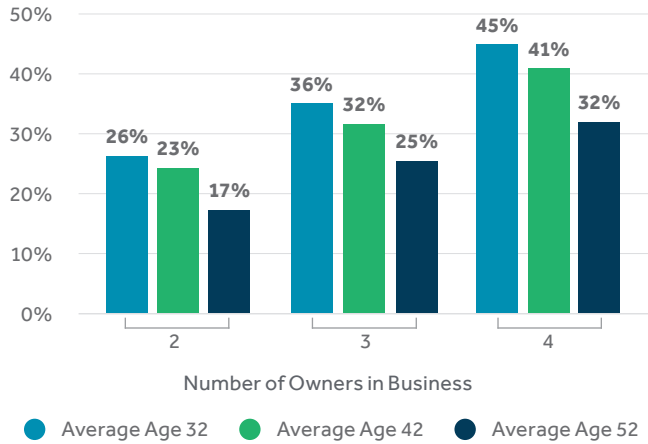
Tax advantages of Disability Protection for your business

| | Disability Buy-Out | |
|------------------|--------------------|------------------------------|
| Premiums Paid by | The business | Individual owners or trustee |
| Benefits Paid to | The business | Individual owners or trustee |
| Policy Owner | The business | Individual owners or trustee |
| Premiums | Non-deductible | Non-deductible |
| Benefits | Tax-free | Tax-free |
| Tax Treatment | | |



You or a partner disabled? What are the odds?

Chances of partner becoming disabled (%)²



Next steps

- Talk about Disability Buy-Out Insurance with your partners.
- Contact your financial or insurance representative to discuss Disability Buy-Out Insurance and business valuation.
- Determine the type of buy-sell agreement that will work best for your business.
- Work with your financial representative to gather financial and health documents.
- Complete an application.



Ask your financial or insurance representative about disability insurance to:

- Reimburse business overhead expenses.
- Cover fixed-term payment obligations.
- Cover personal disability for you, your partners, and key employees.

¹ The business value determined by the Business Valuation Endorsement is one of several factors used to determine the Disability Buy-Out benefit payable. As such, the Disability Buy-Out benefit amount may differ from the business value determined by either the Business Valuation Endorsement or that of an independent appraisal. See policy form 18DB "Provisions Related to Benefits" for details.

² National Association of Insurance Commissioners 1985 Individual Disability Table

Individual disability insurance policy forms 3100, 3200, and 18DB are underwritten and issued by Berkshire Life Insurance Company of America (BLICOA), Pittsfield, MA. BLICOA is a wholly owned stock subsidiary of The Guardian Life Insurance Company of America (Guardian), New York, NY. Product provisions and availability may vary by state. In New York: These policies provide disability insurance only. They do not provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. For policy forms 3100, 3200, and 18DB, the expected benefit ratio is 55%. The expected benefit ratio is the portion of future premiums that the company expects to return as benefits, when averaged over all people with these policy forms.

Optional riders are available for an additional premium.

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