

COMPARING THE BENEFITS OF BUSINESS SUCCESSION AGREEMENTS (WHAT IS THE BUSINESS GETTING FOR ITS MONEY?)

| Benefit | Standard IGS Business Insurance Trust Agreement | Standard IGS Self-Ownership Buy/Sell Agreement | Alternative Business Succession Agreement |
|---|---|--|---|
| Death Provisions | ✓ | ✓ | |
| TPD Provisions | ✓ | ✓ | |
| Trauma Provisions | ✓ | ✓ | |
| Terminal Illness Provisions | ✓ | ✓ | |
| Retirement Provisions | ✓ | ✓ | |
| Pre-Agreed Sale Price | ✓ | ✓ | |
| Sale Price Paid to Actual Owner (if not Life Insured) | ✓ | x | |
| Vendor Finance Provisions | ✓ | ✓ | |
| Super Buy/Sell Provisions | ✓ | ✓ | |
| Debt Reduction Cover | ✓ | x | |
| Avoids CGT on Non-Death Debt Reduction Cover | ✓ | x | |
| Avoids loan owing by Business to Estate | ✓ | x | |
| Substitute Loan from Continuing Proprietors to Debtor (Avoids lack of franking credits on dividend issue) | ✓ | x | |
| Other Key Person Cover | ✓ | x | |
| Security of Trustee | ✓ | x | |
| ATO Opinion | ✓ | x | |
| Single Beneficiary for CGT Purposes | ✓ | ✓ | |
| Single Policy Succession Plan | ✓ | x | |
| Ability to reallocate Personal Cover to Purchase Price | ✓ | ✓ | |
| Ability to reallocate Key Person Cover to Purchase Price | ✓ | x | |
| Reduces Policy Fees | ✓ | x | |
| Reduces Premiums | ✓ | x | |
| Fixed Legal Fees on Initial Agreement | ✓ | ✓ | |
| Fixed Legal Fees on Variation Agreement | ✓ | ✓ | |