

Date: [Insert Date]

To: [Partner/Shareholder Name]

[Company Name]

[Address]

Subject: Proposal for Buy-Sell Agreement Funding and Structuring

Dear [Partner Name],

This letter outlines the proposed structure and funding mechanisms for our Buy-Sell Agreement to ensure the long-term stability of [Company Name].

1. Triggering Events:

The agreement will be activated upon specific events, including but not limited to: death, disability, retirement, or voluntary withdrawal of a shareholder.

2. Valuation Method:

The value of the business interests will be determined by [Insert Method, e.g., Fixed Price, Formula-Based, or Independent Appraisal]. This value will be reviewed [Insert Frequency, e.g., annually].

3. Funding Mechanism:

To ensure funds are available for a buyout, we propose the following funding strategy:

- **Life Insurance:** Policies held on each partner to provide immediate liquidity upon death.
- **Disability Buy-Out Insurance:** To fund a buyout in the event of long-term disability.
- **Sinking Fund/Cash Reserves:** Regular contributions from company profits.
- **Installment Note:** A structured payment plan over [Number] years at [Interest Rate]%.

4. Agreement Structure:

We will utilize a [Entity Purchase / Cross-Purchase / Wait-and-See] structure to minimize tax liabilities and simplify the transfer of shares.

5. Next Steps:

Please review these terms. Once we reach a conceptual agreement, we will engage legal and tax professionals to draft the formal documents.

Sincerely,

[Your Name]

[Your Title]