

Buy/Sell Agreement Diagnostic

The buy-sell agreement is one of the most important documents a private company needs. This important governance document determines how the company's shares can be transferred and dictates the economic terms of how shareholders and the company will deal with each other.

Properly-structured, the buy-sell agreement achieves fairness for all and protects the company as well as the shareholders or family members. Unfortunately, many companies' agreements do not accomplish these goals.

Diagnostic instructions:

Answer “yes” or “no” to the questions on the following page based on the current circumstances in your organization.

If your answer is “yes” for any of the questions, you may want to consider reevaluating your company's buy-sell agreement and consulting an advisor for additional help.

		YES	NO
1.	Our company has a buy/sell agreement.	<input type="checkbox"/>	<input type="checkbox"/>
1a.	I don't need a buy sell agreement because I am the sole owner of my business, but I have a disaster plan instead.	<input type="checkbox"/>	<input type="checkbox"/>
2.	Our buy/sell agreement has been reviewed /updated within the last 5 years.	<input type="checkbox"/>	<input type="checkbox"/>
3.	The valuation result within our buy/sell agreement is known, available, and reviewed annually.	<input type="checkbox"/>	<input type="checkbox"/>
4.	The insurance coverage related to our buy/sell agreement has been reviewed within the last 3-5 years.	<input type="checkbox"/>	<input type="checkbox"/>
5.	We have a good working knowledge of the terms and conditions within our buy/sell agreement and the effect that they have on our business, as well as the shareholders and their families.	<input type="checkbox"/>	<input type="checkbox"/>
6.	Our buy/sell agreement reflects the uniqueness of our business and our shareholder group and represents our mutual agreement with each other.	<input type="checkbox"/>	<input type="checkbox"/>
7.	We understand how the provisions of our buy/sell agreement could affect our estate planning strategy.	<input type="checkbox"/>	<input type="checkbox"/>