

An abstract graphic consisting of several thick, orange, diagonal bars of varying lengths and orientations, creating a dynamic, geometric pattern that resembles a stylized 'X' or a series of overlapping planes.

HEIRMARK®

Business Planning Workbook

2026 WORKBOOK

BUSINESS PLANNING

DOCUMENTS & INFORMATION



Gather this information and these documents together for each policy in your business life insurance portfolio. Having everything in one place helps you and your advisory team identify planning gaps, confirm proper alignment, and ensure your portfolio continues to support your goals.

A COMPLETE AUDIT STARTS WITH COMPLETE INFORMATION



PROTECT YOUR COMPANY

Make sure your policy supports your wishes and the people you intend to protect.



AVOID UNINTENDED CONSEQUENCES

Outdated designations can lead to unnecessary taxes, delays, and conflicts.



OPTIMIZE POLICY VALUE

Ensure your policy is performing as expected and positioned to deliver its full potential.



DON'T LEAVE YOUR LEGACY TO CHANCE

Contact us to review your plan, identify potential gaps, and design solutions to help preserve your company for generations to come.

INFORMATION TO COMPLETE

Company Valuation or Estimated Fair Market Value
Shareholder / Ownership Percentage of Company
Key People / Executives at Company

Policy Owner Name(s)
Policy Owner Type (Individual, Trust, LLC, etc.)
Policy Ownership Percentage of Policy
Date Policy Ownership Established or Last Updated

Primary Beneficiary(ies)
Beneficiary Percentage of Policy
Contingent Beneficiary(ies)
Date Beneficiary(ies) Established or Last Updated

Current Death Benefit
Loan Balance & Loan Interest Rate (if Applicable)

Current Premium Amount
Premium Frequency
Source of Premium Payments

Collateral Assignee Name (if Applicable)
Outstanding Lien Balance (if Applicable)

Term Policy: Conversion Deadline

Purpose of the Policy

DOCUMENTS TO GATHER

Current Policy Illustration

Recent Policy Statement

Premium Financing or Funding Agreement (if Applicable)

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TYPES OF ARRANGEMENTS

BUY/SELL PLANNING



A buy/sell plan is a formal contract between the business owners that lays out what will happen to each owner's share of the business upon a triggering event, such as disability, retirement, or death. Proper buy/sell planning can protect a family and help facilitate the continuation of the business.

PROTECT TODAY'S OWNERSHIP

PLAN FOR TOMORROW'S TRANSITION



WHY IT MATTERS

The arrangement determines who purchases the departing owner's interest, how proceeds are used, and how the transaction is structured.



DID YOU KNOW?

The buy/sell structure and the funding strategy should be designed together, so the right liquidity goes to the right party when a triggering event occurs.



HOW LIFE INSURANCE CAN HELP

Life insurance creates immediate liquidity to provide the financial resources needed to execute the buy/sell agreement as intended.



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ENTITY PURCHASE / STOCK REDEMPTION

Corporate agreement between the corporation and a business owner to redeem the shares from an owner upon his or her death. Often funded with life insurance. Typically used in C-Corporations and when there are multiple owners.

CROSS PURCHASE

Private agreement between an owner of a business to redeem the shares of another owner upon his or her death. Cross purchase agreements are often funded with life insurance. Typically used with pass-through entities (S-Corporations and LLC's) and three or fewer owners.

ONE WAY

A non-owner (such as a key person) agrees to buy the business from the owner and purchases a life insurance policy on the owner. The non-owner enters into a one-way arrangement with the owner. Typically used for businesses with one owner and one designated successor owner.

CROSS ENDORSEMENT

Each business owner enters into an endorsement split dollar plan with the others and buys a policy on their own life. Each owner endorses a portion of the death benefit to the other owners. Each owner pays an annual "rental" charge to the others; may be funded with a bonus. Typically used for owners who want flexibility.

INSURANCE LLC

A special purpose limited liability company (LLC) established under state law specifically for holding, managing, funding, and distributing life insurance proceeds within a buy/sell arrangement. Provides central ownership, administration, and maintenance of the necessary life insurance policies outside of the business.

WAIT AND SEE

A buy/sell arrangement that generally (1) gives the business the option to buy any portion of a deceased business owner's interest then (2) gives the remaining owners the second option to buy then (3) the entity is required to purchase the balance of interest for the agreed-upon value. Either the business or the individual owners will purchase insurance policies on the lives of the business owners.

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BUY/SELL PLANNING

WORKSHEET



Life insurance is often used to fund a buy/sell plan because it can provide the immediate liquidity necessary to buy out interest in the business upon death, ensuring that heirs receive a cash inheritance while allowing the remaining owners to continue to run and maintain the business.

PLAN FOR SUCCESSION FUND WITH CERTAINTY



CONFIRM ALIGNMENT

A review ensures your policies still align with your goals, values, and current company situation.



IDENTIFY RISKS & GAPS

A review helps uncover outdated provisions, missing documents, or potential tax or legal exposure.



PREPARE FOR WHAT'S NEXT

Life insurance can help fund a seamless transition when an owner exits unexpectedly.



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SUCCESSION PLAN

Create a list of all company shareholders.

Calculate each shareholder's ownership interest using the company's valuation or fair market value.

LIFE INSURANCE POLICIES

Create a list of all life insurance policies.

Determine the death benefit allocated to each shareholder.

Does the death benefit adequately reflect each shareholder's current ownership interest?

CONSIDERATIONS

There needs to be sufficient life insurance in place to fund the purchase obligation upon each shareholder's death.

The correct company or shareholder needs to be named as owner of each life insurance policy, depending on the buy/sell arrangement.

Manager designation should still align with business planning if an insurance LLC is part of the buy/sell arrangement.

Premium payments should be made from the bank account of the owner of the policy.

The business should be valued and the valuation updated regularly.

As shareholders exit the company, life insurance exit strategies should be considered.

The decision in *Connelly v. U.S.* determined that the value of the business at a shareholder's death can be increased by any life insurance proceeds that are received without an offsetting reduction for the amount of the stock redemption liability.

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KEY PERSON PLANNING

WORKSHEET



A company owner should consider key person life insurance when the unexpected loss of a critical employee or executive would create a meaningful financial impact on the business. This coverage provides funds to help the company manage the financial disruption caused by the death of a key individual.

THE LOSS OF ONE PERSON CAN IMPACT THE ENTIRE BUSINESS



REPLACE LOST REVENUE

Helps address potential revenue or profitability losses while the business adjusts.



FUND RECRUITMENT & TRANSITION COSTS

Provides liquidity to recruit, hire, and train a replacement.



PROTECT BUSINESS VALUE

Helps preserve the value of the company during a potentially disruptive transition.



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KEY PEOPLE / EXECUTIVES

	Key Person 1	Key Person 2	Key Person 3
Amount of Financial Risk			
Total Policy Death Benefit			
Designated Policy Beneficiary			

CONSIDERATIONS

Key person coverage is intended to cover recruiting, replacement, debt, lost revenue, or other costs following a key person's death.

As employees are promoted or demoted in a company, the financial risk to the company should be reevaluated.

Life insurance portfolios should be regularly restructured to reflect the current key person value and liquidity needs.

The cost of key person coverage depends on the insurability of the key person and the type of life insurance that is implemented. Any changes in health could affect future planning or coverage options.

The company should consider exit strategies for the policy if the key person retires, leaves, or is no longer considered essential.

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EXECUTIVE FRINGE BENEFIT OPTIONS



Executive benefits can incorporate insurance-based strategies designed to attract, retain, and reward key executives. These customized plans can provide valuable supplemental benefits that strengthen employee retention, enhance recruitment efforts, and recognize the contributions and loyalty of top talent.

REWARD TODAY RETAIN TOMORROW



ATTRACT TOP TALENT

Offer valuable benefits beyond traditional compensation to differentiate the company in a competitive hiring market.



RETAIN KEY EXECUTIVES

Structure benefits that encourage valuable executives to remain with the company over the long term.



REWARD LOYALTY & PERFORMANCE

Provide supplemental benefits to recognize executives who make significant contributions to the business.



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STRATEGIES

EXECUTIVE BONUS PLAN

Employer provides a bonus that the executive uses to purchase life insurance, subject to the terms and tax treatment of the arrangement.

SPLIT-DOLLAR INSURANCE

Employer and executive share rights to and/or benefits from a life insurance policy under a formal arrangement.

NONQUALIFIED DEFERRED COMPENSATION

Life insurance may be used as an asset to support an employer's obligations under a deferred compensation plan, subject to plan and tax considerations.

EXECUTIVE LIFE INSURANCE

Employer-owned coverage can provide death benefits or other benefits associated with a key executive, depending on the structure.

SUPPLEMENTAL RETIREMENT BENEFITS

Permanent life insurance cash value may be incorporated into certain executive retirement strategies, often alongside a nonqualified plan.

GOLDEN HANDCUFF ARRANGEMENT

Benefits can be structured to encourage executives to remain with the company for a specified period or until a defined event.

RETENTION & INCENTIVE PLANS

Life insurance can be incorporated into longer-term compensation strategies designed to reward continued service.

EXECUTIVE DISABILITY PROTECTION

Disability insurance can help protect an executive's income when a qualifying disability prevents them from working.

LONG-TERM CARE BENEFITS

Certain insurance strategies can provide or coordinate benefits for qualifying long-term-care needs.

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BUSINESS PLANNING

CHECKLIST



Life changes. So should your plan. An annual audit of your company's life insurance portfolio helps ensure your coverage, ownership, and beneficiaries still align with your goals and benefit your intended successors and employees. Schedule an annual review today and take control of your tomorrow.

A PLAN WORTH HAVING IS WORTH REVIEWING



PROTECT YOUR COMPANY

Make sure your policy supports your wishes and the people you intend to protect.



AVOID UNINTENDED CONSEQUENCES

Outdated designations can lead to unnecessary taxes, delays, and conflicts.



OPTIMIZE POLICY VALUE

Ensure your policy is performing as expected and positioned to deliver its full potential.



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LIFE CHANGES

- ☐ Review for major company events: hiring new executives or key people, buyouts, retirement, or unexpected loss.
- ☐ Confirm your coverage still reflects your current needs and goals.

POLICY OWNERSHIP & CONTROL

- ☐ Confirm the primary and contingent policy owners are correct, and policy ownership aligns with your plan.
- ☐ Review any policy ownership changes, including insurance LLC's, multiple companies, or business arrangements.

BENEFICIARY DESIGNATION

- ☐ Verify primary and contingent beneficiaries are up to date.
- ☐ Ensure designations align with your succession plan, key person plan, executive benefits plan, and current intentions.

PERMANENT POLICY PERFORMANCE

- ☐ Review cash value, loans, and withdrawals.
- ☐ Confirm each policy is performing as illustrated.

PREMIUMS & FUNDING

- ☐ Confirm premium payments are on track.
- ☐ Review payment methods and sources of funds.
- ☐ Evaluate if any policy paying options make sense to implement.

COLLATERAL ASSIGNMENT

- ☐ Verify if any collateral assignments are still necessary.
- ☐ Remove assignments when obligations have been satisfied.

BUSINESS PLANNING ALIGNMENT

- ☐ Ensure the policy supports your succession plan and wealth transfer strategy for personal, business, and charitable giving goals.
- ☐ Review for the addition of any new key people or the subtraction of key people who have exited.
- ☐ Review for any changes to the executive benefits plan.

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MILESTONES & TRIGGERING EVENTS

PLANNING CALENDAR



 YOUNG ADULT (18-30) <i>Starting Out, Building Your Future</i>	 CAREER & GROWTH (30-40) <i>Building Your Career & Family</i>	 FUTURE FOCUSED (40-50) <i>Protecting Your Employees</i>	 ACCUMULATE (50-60) <i>Increasing Wealth, Planning Ahead</i>	 RETIREMENT (60-70) <i>Shifting Focus to Impact & Legacy Building</i>	 LEGACY YEARS (70+) <i>Preserving Legacy</i>
Marriage Children Obtain your own coverage Establish insurable needs	Purchase a home Start or grow a business Additional dependents Increase income and/or debt	Retirement planning Long term care planning Key person coverage Executive benefits planning	Substantial increase in assets Grandchildren Business succession planning Advanced planning strategies	Review coverage for continued need Charitable giving Reassess estate and business goals Policy exit strategies	Review liquidity for estate tax State estate or inheritance tax Ensure documents remain current Confirm distribution plans

TRIGGERING EVENTS THAT SHOULD INSTIGATE A REVIEW

- 
MARRIAGE OR DIVORCE
 Reevaluate beneficiaries, ownership, and coverage amounts to reflect your new family situation.
- 
BIRTH, ADOPTION, ESTRANGEMENT
 Additions or losses in your family are a key reason to review coverage and beneficiaries.
- 
INCREASED INCOME
 More income can mean greater responsibility and may impact your coverage needs for income protection.
- 
BUSINESS OWNERSHIP CHANGES
 Buying, selling, or restructuring a business can impact insurance needs and ownership.
- 
SIGNIFICANT CHANGE IN ASSETS
 Growth of a company's assets might change your insurance needs and succession strategy.
- 
CONSERVING EMPLOYEES
 Implementing employee benefits can help retain and attract your most valuable employees.
- 
LEGISLATIVE CHANGES
 Changes in legislation can create opportunities or require adjustments to your plan.
- 
CHANGE IN KEY PEOPLE / EXECUTIVES
 Deaths, conflicts, or changes in ownership may require updates to your plan.
- 
SHAREHOLDER RETIREMENT
 As each shareholder retires or exits the company, the plan needs to be structured to accommodate the change.
- 
ESTATE TAX ASSESSMENT
 A net worth or estate value that exceeds the federal estate tax exemption can require additional planning.



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