

Self-owned buy/sell insurance cover: flow of funds



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FOR LIFE



STEP 1

Freddie unexpectedly passes away

STEP 2

Freddie's 50% ownership interest is transferred to Carol pursuant to options triggered under a buy/sell agreement.

STEP 3

For a self-owned policy, insurance proceeds are paid to Freddie's wife (as the nominated beneficiary or legal personal representative (LPR) of his estate).

The proceeds represent consideration in exchange for Freddie's wife transferring Freddie's 50% ownership interest to Carol in accordance with the buy/sell agreement.

STEP 4

Carol ends up as the sole owner of the trading entity, having acquired Freddie's 50% interest from Freddie's estate.