**Email Content**

When the Supreme Court took up the Connelly case, virtually no one anticipated the decision would have a far-reaching impact on buy/sell agreements and estate planning. The facts of the case were believed to be unique enough that they would serve as nothing more than a cautionary tale. The lack of periodic review and ongoing management of the agreement and funding rendered the Connelly family vulnerable upon audit. The prudent client and advisor could avoid the issue all together by simply following best practices.

Ultimately, the decision did shine a light on the need to follow best practices, but it also included two additional outcomes, similar to an “Easter Egg” in a movie, that have created quite a stir:

* A buy/sell agreement may NOT be sufficient to set or fix the value of the business for estate planning purposes in all cases.
* If the business is the owner and beneficiary of life insurance under a stock redemption arrangement, the life insurance proceeds should be included when determining the value of the business upon the death of a shareholder. Further, the obligation to redeem the shares does NOT offset the value of the life insurance.

Drop me a note or give me a call if you want to take a closer look at how we’re helping advisors update agreements and funding strategies based on the Connelly decision.