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Comparison of Buy-Sell Funding Methods

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Funding Method	Seller Advantages	Seller Disadvantages
	Seller gets money up front	Seller may not get money if buyer doesn't have it
	Often used in family transfers Can lower seller's estate value	Seller becomes unsecured creditor of buyer
	Seller gets money up front	Seller may not get money if buyer doesn't have access to credit
	Seller can set favorable interest rate Gain can be spread over time	Seller becomes creditor of buyer
	Seller gets money up front	No guarantee sale-leaseback transaction will occur
Section 303 Stock Redemption	Seller receives cash for estate settlement	Seller not guaranteed cash--company may not be able to redeem stock under local law
Deferred Compensation	Seller receives payments beginning at retirement or withdrawal	Business may not be able to make payments
	Seller receives asset in exchange for stock	Seller does not receive cash
	Seller gets money up front	Seller may be uninsurable
	Seller can "cash out" of business after disability	Seller may be uninsurable Seller could recover from disability, no longer have a business

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