

Figure 6-1

BUY-SELL AGREEMENT MATRIX

		Contract Terms						
		Nature of Parties' Obligations						
		Purchase Price (a)	Payment Terms (b)	Purchase of Insurance (c)	Practice/ Remaining Owner(s) Must Buy	Practice/ Remaining Owner(s) have Option to Buy	Departing Owner Must Sell	Departing Owner has Option to Sell
T R I G G E R I N G E V E N T S	Death							
	Permanent Disability							
	Election to Transfer by Owner							
	Termination of Owner's Employment							
	Retirement							
	Dispute							

(a) Purchase Price Options:

1. Book value, plus adjustments
2. FMV per appraisal
3. Fixed price + annual increase
4. Bona fide offer by third party to purchase
5. Practice's earnings times multiplier
6. Combination of above options

(b) Payment Term Options:

1. Cash
2. Promissory note
3. Cash down payment and promissory note

(c) Purchase of Insurance to Fund Obligation:

1. Life insurance
2. Disability buy-out insurance