DUNDAS WEALTH × **HULL LIFE INSURANCE CORP.**

THE BUSINESS CONTINUITY BUNDLE

The Buy-Sell Funding Gap Worksheet

What your agreement commits you to — vs. what's actually funded.

> **If your buy-sell agreement (or your handshake understanding) triggered next month, where — exactly — does the money come from?**

Takes about 15 minutes with your shareholders' or partnership agreement in hand. Ends with a single number: your funding gap. Educational and illustrative — valuations, obligations, and coverage needs vary by business, agreement, and province. Not legal, tax, or insurance advice.

PART 1

What does your agreement actually say?

Pull out your shareholders' or partnership agreement. Can't find it? That's finding #1.

#	QUESTION	YOUR ANSWER
1.1	Do you have a written buy-sell provision (in a shareholders' agreement or standalone)?	☐ Yes ☐ No ☐ Not sure
1.2	What events trigger it?	☐ Death ☐ Disability ☐ Critical illness ☐ Retirement/exit ☐ Dispute
1.3	Who is obligated to buy?	☐ Surviving owner(s) personally ☐ The corporation ☐ Optional ☐ Not sure
1.4	How is the price set?	☐ Fixed price (year: ____) ☐ Formula ☐ Independent valuation at trigger ☐ Not specified
1.5	When was the valuation or fixed price last reviewed?	__________ (2+ years ago? Flag it.)
1.6	What does it say about HOW the buy-out is paid?	☐ Insurance proceeds ☐ Instalments over ___ yrs ☐ Silent — nothing specified

Red flags to circle: a mandatory buy-out (1.3) with no funding mechanism (1.6) · a fixed price from years ago (1.5) · "not sure" on anything above.

PART 2

The numbers

STEP A — WHAT'S THE BUSINESS WORTH TODAY?

Honest fair-market estimate (what a real buyer would pay): **A = $ _______________**

Don't know? Use your best range — "we don't know" is itself a gap: the agreement's price mechanism needs a number to work.

STEP B — WHAT SHARE WOULD HAVE TO BE BOUGHT?

Largest single stake that could need buying out: **B = _________ %**

STEP C — THE OBLIGATION

C = A × B = $ _______________ — the cheque the surviving owner (or the corporation) is committed to writing.

STEP D — WHAT'S ACTUALLY FUNDED?

Life insurance specifically earmarked for the buy-out — right owner, right beneficiary, sized to today's valuation: **D = $ _______________**

Key person or loan-collateral coverage doesn't count twice. Unsure the structure matches the agreement? Count it as unconfirmed.

▶ YOUR FUNDING GAP = C − D **$ ______________**

PART 2B

Key person exposure (the second gap)

KEY PERSON	ROLE	ROUGH EXPOSURE	COVERED TODAY?
		$	☐ Yes ☐ No ☐ Partial
		$	☐ Yes ☐ No ☐ Partial

Starting point: a multiple of compensation or share of profit contribution — refined case by case.

PART 3

What your number means

Gap = $0 and Part 1 fully checked and current? Rare company. Diarize a valuation review every 2 years and confirm the policy structure still matches the agreement.

Anything else — a gap, or a "not sure" in Part 1? You're normal, and now you know your number. The gap doesn't close on its own, and it's cheapest to close while everyone is healthy and the business is growing.

WHAT CLOSING IT TYPICALLY INVOLVES

1. A current valuation everyone signs off on
2. The agreement reviewed by your lawyer — triggers, price, and funding lined up
3. Coverage structured to match: right owner, right beneficiary, right amount — so the money arrives exactly when the clause triggers
4. A calendar reminder to re-check both every 2 years

Bring this worksheet — however far you got — to your complimentary 30-minute continuity session. Thomas walks your actual structure and numbers, and there's a standing invitation to bring your lawyer or accountant into the conversation after.

Book your session → book.dundaswealth.ca/thomas

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