



## BUSINESS INSURANCE

# Virtus Protection IUL with buy-sell planning

As a successful business owner, you know how important it is to plan ahead. And you're probably interested in someday harvesting the value of your business, planning for the legacy of your company, and making sure your heirs are protected. A buy-sell agreement can accomplish a number of these goals, and funding one with AuguStar® Life's affordable Virtus Protection Indexed Universal Life (IUL) can help create the peace of mind that comes from planning ahead.

### What is a buy-sell?

A buy-sell is a legal agreement between you and a buyer—often a co-owner, key employee, or respected colleague. It provides for the orderly purchase and sale of your business upon certain triggering events in the future. The most common triggering events are death, disability, or retirement of an owner. The agreement can set a fair price or formula to value your shares, the payment terms for sale, and a funding mechanism for the purchase. With a buy-sell, you can help ensure your heirs will receive a fair price and won't be forced to sell the business at a "fire sale" value.

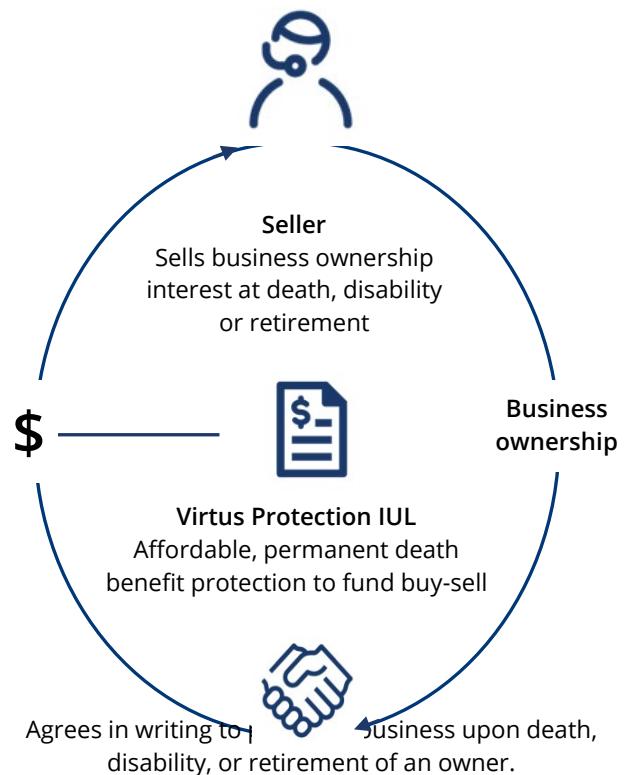
### Funding a buy-sell

A buy-sell is most effective when properly funded. Life insurance can provide liquidity exactly when the need arises: upon the death of a business owner. Death benefit proceeds can be used to purchase shares from the family, trust, or estate. And with permanent cash value life insurance, accumulated cash values can be accessed as a potential down payment for a lifetime sale if an owner retires, decides to sell, or becomes disabled.

### Buy-sell with Virtus Protection IUL

Virtus Protection IUL is well-suited for many buy-sell plans. It offers affordable, long-term death benefit protection, and the policy's accumulated cash values are accessible as a potential down payment should an owner retire or become disabled. And because it's an indexed universal life policy, Virtus Protection IUL offers premium flexibility. This may be appropriate for your business's fluctuating revenue.

### Using Virtus Protection IUL to fund a buy-sell



## The benefits

- As a permanent life insurance product, Virtus Protection IUL can provide death benefit protection for long-term planning horizons.
- Virtus Protection IUL is designed for affordability. When compared to other buy-sell funding alternatives such as a bank loan, installment sale or sinking fund, Virtus Protection IUL can be a cost-effective funding mechanism for many buy-sell plans.
- If you have co-owners, a buy-sell can also help make sure you don't inadvertently end up in business with your co-owner's spouse or heirs upon their death. A buy-sell helps put you and the other surviving owners back in the driver's seat of the business.
- In addition to death, disability, and retirement, your buy-sell can include other triggering events such as an owner's bankruptcy, divorce, or loss of professional license.
- A buy-sell can create a degree of stability that may be important to employees, suppliers, and creditors.
- Optional policy riders are available including a rider that waives policy premiums in the event of the insured's qualifying disability. This can provide even greater protection for your plan.

## Additional considerations

- You should work with an attorney to draft the buy-sell agreement. Your financial professional can provide a complimentary sample agreement through AuguStar's Advanced Planning team, but you should always work with an attorney to tailor the agreement to your specific situation.
- Buy-sell planning is not "one size fits all." There are several different types of arrangements that can be tailored to meet your individual goals. Work closely with your attorney and tax advisor when deciding which buy-sell design is best for your business.
- Cost and availability of life insurance will depend on a variety of factors including age and health of the insured.
- If your business will own life insurance as part of the buy-sell, your business should obtain proper notice and consent from each insured before the policy is issued to help keep death benefits income tax free. The notice and consent should be retained in permanent files. Your financial professional can obtain a sample notice and consent from the Advanced Planning team.

**Learn more about this product and buy-sell planning by requesting these brochures from your financial professional: Virtus Protection IUL client guide (Form 8631) and Succession Planning for Business Owners (Form 2301FMP).**

This material provides general information that should not be construed as specific legal or tax advice nor the law of any particular state. Please seek the advice of a qualified legal or tax professional for your specific situation.

Cash value can be accessed by way of policy loans and surrenders. If tax-free loans are taken and the policy lapses, a taxable event may occur. Withdrawals (partial surrenders) and loans from life insurance policies classified as modified endowment contracts may be subject to tax at the time the withdrawal or loan is taken and,

if taken prior to age 59½, an additional 10% federal tax may apply. Withdrawals and loans reduce the death benefit and cash surrender value.

Products issued by AuguStar Life Insurance Company, member of Constellation Insurance, Inc. family of companies. Product, product features and rider availability vary by state. Guarantees are based on the claims-paying ability of the issuer. Issuer not licensed to do business in New York.

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