



THE ARISGARDE ADVANTAGE

A CONSTRUCTION COMPANY
CASE STUDY



WIN THE GAME OF LIFE

125 Park Avenue, New York, NY 10017 | Tel: 212-389-2741
www.ArisGarde.com

Securities offered through Lion Street Financial, LLC. (LSF), member FINRA & SIPC. Investment Advisory Services offered through Lion Street Advisors, LLC. LSF is not affiliated with ArisGarde.



THE CASE

- NY Metro area Construction Company, focusing primarily on Commercial work
- Started in late 2000's by two individuals, still own 50% each today
- Established company, stable back-log, successful and profitable with great clients and brand name they have developed.

CHALLENGES & GOALS

- No clearly defined succession plan although a Buy-Sell agreement was put in place appx 5 years ago and improperly funded for disability and death
- Several Key-Employee's that have been with the company ranging from 6 years to inception are critical to the long-term success of the company and ensuring a successful transition.
- Owners are in mid 50's and early 40's.
- Want to start developing a plan to fund succession, key employee retention and bolster the company retirement plan to benefit ownership and employees
- Need to have strong working capital with minimal impact to balance sheet; cash assets have very low yield (Surety Bonding Liquidity Requirements)
- Older owner wants to retire by 62 without being fully dependent on business survival for his retirement needs (desires financial independence)
- Younger owner wants to grow the company and not lose key employees when other founder leaves



THE SOLUTIONS

- Updated buy-sell agreement
- Structured Golden-Handcuffs and informally funded the agreement
- Part of the buy-out and deferred compensation were covered by Corporate Owned Life Insurance with Cash-Value counting towards surety bond capital requirements
- Key-Person Insurance policy put in place
- Established Cash-Balance plan to bolster pre-tax retirement savings, and purchase remaining death benefit (tax-deductible) inside the pension plan to fully satisfy Buy-Sell Agreement

THE RESULTS

- Term insurance cost recaptured.
- Key employees have more incentive to stay long-term and through a transition.
- Company protected against key-man risk
- Company balance sheet relatively unaffected
- Appx. \$400,000 per year contributed towards cash balance plan, PRE-Tax, with 86% of funds going to ownership and a handful of key employees. Older owner building more assets for retirement and can provide more flexibility to buy-out terms in 5-7 years
- Buy-Sell agreement fully covered in the event of death and disability.
- Group underwriting to manage underwriting concerns for some of the executives in the company inside corporate owned life insurance.



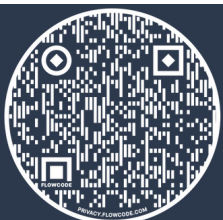
WHY ARISGARDE?

OUR EXPERIENCE means that we are able to recognize their unique planning opportunities to help them reach their goals. We take the time to educate them and block out the noise and misinformation.

OUR FIRM seeks to take the guesswork out of how legal, financial, and accounting systems work together for your benefit.

OUR TEAM develops a customized plan to make up for lost time in ways that are focused, effective, and based in experience.

With these considerations, clients realize that working with a thought-leader helps impact their chances to win the game of life.



Scan Me To
Learn More

