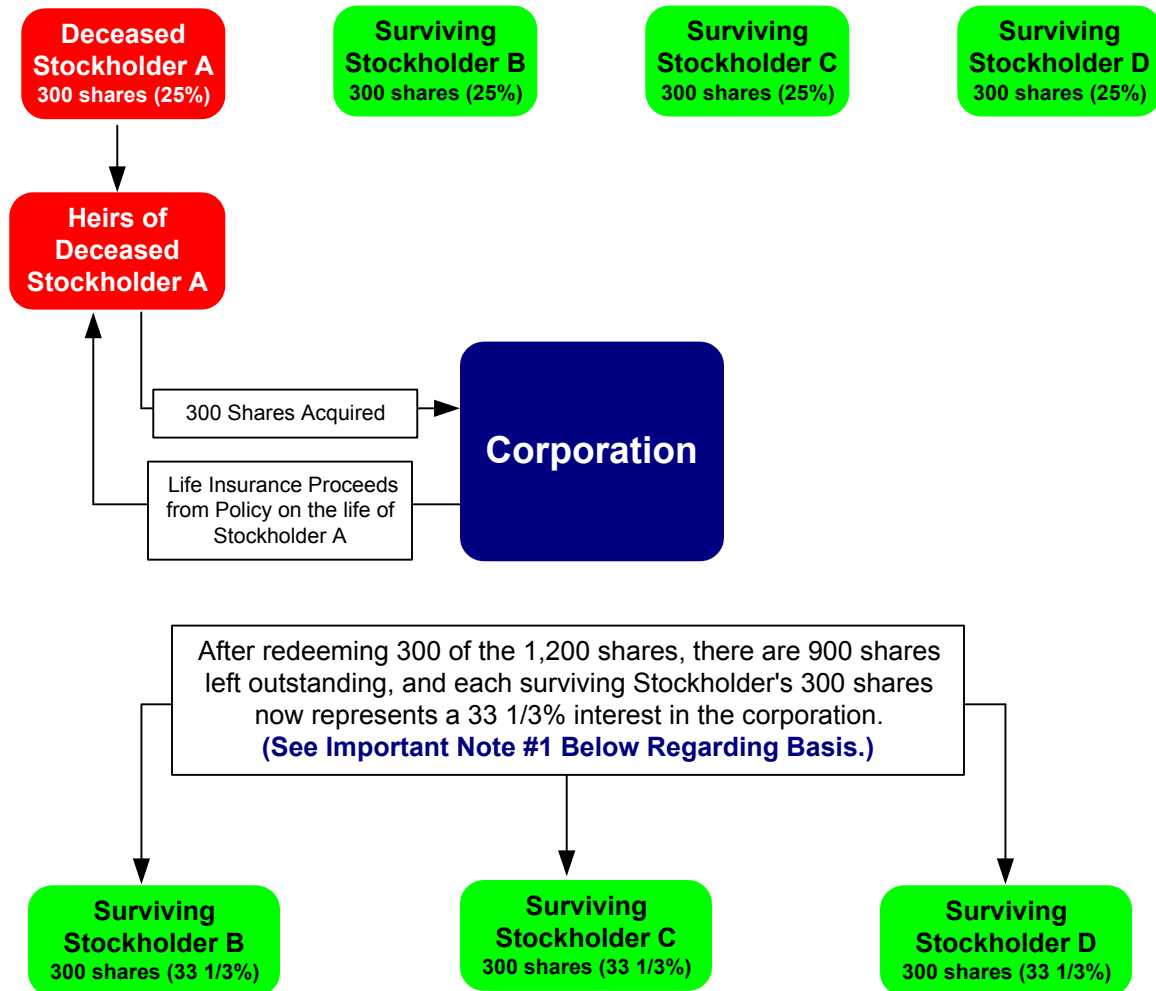


# Flow Chart of an S Corporation Stock Redemption Buy-Sell (Assumes 1,200 Shares are Outstanding)



## Important Notes

1. S Corporations receive unique taxation of life insurance death proceeds in that the pure death protection of the policy proceeds received by the S Corporation automatically increases the basis of each Stockholder proportionate to his/her basis in the corporation *including shares owned by the deceased Stockholder's estate*. Thus, an S Corporation Stock Redemption Buy-Sell arrangement funded with life insurance is particularly efficient.

2. To accomplish the intended result, a short tax year election must be made. (For details, see the Highlights of the Plan or the Technical Preface for the S Corporation Stock Redemption Buy-Sell set of documents in InsMark's Documents On A Disk or Documents On The Net.)