



**PRELIMINARY DATA & INSTRUCTIONS
BUY SELL DEED**

Notes to assist you complete this instruction	Preliminary data and instruction from	PLEASE PRINT CLEARLY						
1. DESIRED NAME OF OPTION DEED It is usual to adopt the name of the business or property over which the options are to be exercised. For example, if XYZ Pty Limited trades under the name "Exciting Business" it is usual to call the deed the Exciting Business Buy Sell Deed.	DESIRED NAME OF OPTION DEED							
	<i>If a company ACN</i>							
	STREET ADDRESS							
2. THE BUY/SELL ASSET(S) Take care to correctly identify the actual asset(s). The easiest way to check is to look at the last set of financial accounts, the tax return, the name on business cheques or ask your accountant. It is advisable to attach a diagram explaining the actual holdings. This will assist in ensuring your documents accurately reflect the ownership arrangements.	THE BUY/SELL ASSET(S)							
	3. THE PRINCIPALS, THE OWNERS AND THE POLICY OWNERS							
THE PRINCIPALS	ADDRESS	THE OWNERS	ADDRESS	THE POLICY OWNERS				
<p>PRINCIPALS are the people who control the business or property on a day to day basis, making decisions and exercising functions which impact the business or property. They are the people whose death or disablement will trigger the operation of the options and will be the insured's named in any life insurance policies.</p> <p>OWNERS are the persons or companies that together own the business or property in respect of which the options are to be exercised. If there is more than one business or property the owners must be named and grouped for each business or property. If the Owner is self insuring and does not have a life insurance policy to fund the exercise of the options, please insert "Self Insurance" under the column "The Policy Owners" next to the name of the Owner.</p> <p>POLICY OWNERS are the persons or companies which own the life insurance policy in respect of a Principal.</p> <p>THE OWNERS and POLICY OWNERS must be grouped with each Principal. After each such group draw a line across the page.</p> <p>Please provide ACN for each company that is to be a party to the Deed.</p>								
4. GOVERNING LAW Which law should govern the operation of this trust? <i>Please circle</i>	NSW	VIC	QLD	TAS	SA	WA	NT	ACT



**PRELIMINARY DATA & INSTRUCTIONS
BUY SELL DEED**

5. FUNDING STRUCTURE																				
PRINCIPAL LIFE INSURED	POLICY OWNER	TYPE OF COVER	INSURANCE COMPANY	POLICY NO	SUM ASSURED	ANNUAL PREMIUM														
<p>Your agent will already have advised you of the various ways in which you can "underwrite" the buy and sell obligations of the agreement. Essentially these are; individual or joint policies on each other life; a group policy on all lives; no policies but self insurance through self risk or self insurance through personally held policies</p> <p>Argyle Lawyers documents have been specifically drafted to accommodate the flexible advantages of self insurance through personally held policies. You can however, adopt any approach, individual or joint policies on each other life for even greater certainty or self insurance by having no policies (this is usually only appropriate where Principal is asset rich or uninsurable).</p>																				
<p>6. BUSINESS STRUCTURE Please provide as much detail as possible and where ownership of different parts of the structure varies, please identify the different owners for each part of the structure. You may wish to do this in an attached sheet. A diagram is often very useful to clearly define and focus your buy/sell needs.</p>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">BUSINESS STRUCTURE: * Please cross whichever is applicable</td> <td style="width:20%;">Company <input type="checkbox"/></td> <td style="width:20%;">Unit Trust <input type="checkbox"/></td> <td style="width:20%;">Partnership <input type="checkbox"/></td> <td colspan="3"></td> </tr> </table>						BUSINESS STRUCTURE: * Please cross whichever is applicable	Company <input type="checkbox"/>	Unit Trust <input type="checkbox"/>	Partnership <input type="checkbox"/>										
BUSINESS STRUCTURE: * Please cross whichever is applicable	Company <input type="checkbox"/>	Unit Trust <input type="checkbox"/>	Partnership <input type="checkbox"/>																	
<p>7. AGREED VALUE This is the total value that the Owners have placed on the business or property the subject of the Deed. The value is not fixed and can be updated from time to time. If your business structure is made up of different legal entities you should value each of the various entities even if that value is only nominal. For example a four partner business operated through a unit trust scheme and valued at \$200,000 should also reflect the value of the shares in the corporate trustee.</p>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">AGREED VALUE OF BUY/SELL ASSETS(S): (as at proposed execution date)</td> <td style="width:5%;">\$</td> <td style="width:15%; border-bottom: 1px solid black;"></td> <td style="width:5%;">\$</td> <td style="width:15%; border-bottom: 1px solid black;"></td> <td style="width:5%;">\$</td> <td style="width:15%; border-bottom: 1px solid black;"></td> </tr> </table>						AGREED VALUE OF BUY/SELL ASSETS(S): (as at proposed execution date)	\$		\$		\$								
AGREED VALUE OF BUY/SELL ASSETS(S): (as at proposed execution date)	\$		\$		\$															
<p>8. DEATH AND TPD? The death of a Principal is the primary event upon which will trigger the exercise of the options. You may also elect to include the total and permanent disablement of a Principal as a trigger event. To do this simply select "Yes".</p>	<p style="text-align: center;">IS TOTAL & PERMANENT DISABLEMENT OF A PRINCIPAL TO BE AN OPTION EVENT? Yes <input type="checkbox"/> No <input type="checkbox"/></p>																			
<p>9. TRAUMA AN OPTION EVENT Before selecting "Yes", please read the attached explanation of "Trauma as a Trigger Event"</p>	<p style="text-align: center;">IS TRAUMA OF A PRINCIPAL TO BE AN OPTION EVENT? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p style="text-align: center;">If yes, please complete the questions 11 to 13</p>																			
<p>10. COSTS</p>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;"></td> <td style="width:5%;"></td> <td style="width:15%;">\$1,815 inclusive of GST if your answer to item 9 is "No" ie Trauma is not to be included as Option Event.</td> <td style="width:5%;"></td> <td style="width:15%;"></td> <td style="width:5%;"></td> <td style="width:15%;"></td> </tr> <tr> <td></td> <td></td> <td>\$2,057 inclusive of GST if your answer to item 9 is "Yes" ie Trauma is to be included as an Option Event</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>								\$1,815 inclusive of GST if your answer to item 9 is "No" ie Trauma is not to be included as Option Event.							\$2,057 inclusive of GST if your answer to item 9 is "Yes" ie Trauma is to be included as an Option Event				
		\$1,815 inclusive of GST if your answer to item 9 is "No" ie Trauma is not to be included as Option Event.																		
		\$2,057 inclusive of GST if your answer to item 9 is "Yes" ie Trauma is to be included as an Option Event																		



PRELIMINARY DATA & INSTRUCTIONS BUY SELL DEED

ADDITIONAL QUESTIONS TRAUMA AS AN OPTION EVENT

11. Have you read the explanatory text entitled "Trauma As An Option Event" set out below?
12. Usually, if the Principal returns to work within a specified period, the options will not be capable of exercise. Please indicate the required return to work period.
13. It is generally advisable that the Trauma trigger NOT operate unless, following the occurrence of the Trauma event, the Principal is not able to return to work within the timeframe specified above AND also perform work activities to a required standard. Please indicate what duties will be required to be performed following return to work.

Yes

No

6 months

12 months

Please specify

All normal work activities previously carried on

Specific activities (Please specify)

TRAUMA AS AN OPTION EVENT

General

Usually, the events triggering the operation of the options contained in the Buy Sell Deed ("the Deed") are the death or total and permanent disablement ("TPD") of one of the parties to the Deed (referred to in our Deed as a "Principal").

It is also possible to include the occurrence of a trauma event as a trigger for the exercise of the options.

Because of the nature of trauma events and trauma insurance, trauma (as defined in the particular trauma policy in question) should be included as an event which will trigger the operation of the Deed only at the specific instruction of the client.

The inclusion of a trauma event as a trigger in the Deed must be approached carefully to ensure the specific needs of the business and the Principals are met. For this reason, it is important that the parties to the Deed have considerable input into tailoring specific trauma clauses for inclusion in the Deed.

Generally, there are two main issues which must be addressed when including a trauma event as a trigger event in the Deed.

1. a Principal may receive the policy proceeds as a result of having suffered a trauma event, however, they may quickly recover from the event and be able to return to work and perform their normal activities within a relatively short time frame. In those circumstances, it may not be in the best interests of the Principal (or indeed the business) for the trauma event itself to trigger the

exercise of the options resulting in the Principal losing their ownership interests in the business where they are only incapacitated for a relatively short period of time..

It is generally advisable that following the occurrence of a trauma event, the options only be exercisable in the event the Principal is unable to return to a stated level of activity within the business within a specified period of time..

2. it is important to understand that if trauma is included as a trigger event, the trauma policy proceeds may ultimately be required to fund the obligations arising pursuant to the Deed. In circumstances where the options are not triggered for a period of 6 or 12 months, the policy proceeds may have been expended in the interim to meet medical or other living expenses, in which case, the funding obligations under the Deed will remain and there will be a debt due from the exiting Principal to the other parties. It is prudent to ensure that the amount of trauma cover facilitate the payment of recovery expenses as well as the amount required to meet the business funding obligations.

Additional Cost

There is an additional cost for tailoring specific trauma clauses for inclusion in the Deed and this is reflected in the pricing of the Deed..



PRELIMINARY DATA & INSTRUCTIONS BUY SELL DEED

NOTES FOR COMPLETION OF INSTRUCTIONS

Please provide as much information as possible to assist in the completion of the Buy Sell Deed and supporting documentation.

You should ensure that any insurance policies which will be required to meet the funding obligations contained in the Deed are established as soon as possible. The Deed should not be signed until the insurance policies are in place. Executing the Deed before ensuring the policies are in place could result in buy and/or sell obligations arising without the parties having funding available to meet those obligations.

The Buy Sell Deed affects ownership rights in relation to the business or property over which it operates. It is important that the terms of the Deed are consistent with, and do not conflict with the terms of any business ownership arrangements, trust deed or company constitution.

GENERAL STYLE

The agreement has been drafted to accommodate the vast variety of ways in which businesses and property can be owned and managed. The structure may be very simple, for example a partnership where the Owner and the Principal are the same person who is also the Policy Owner, although for bankruptcy protection reasons the life insurance policy may be held by a spouse or other relative.

More complicated structures are also contemplated. A legal or other professional practice for example, may be made up of a partnership, a service unit trust which is owned by each Principal's discretionary trust, a corporate trustee and an administration company the shares in which are owned by the Principals. All business and property ownership structures may have cross buy/sell rights effected under the Deed.

SPECIFIC NEEDS

The Buy Sell Deed has been designed to support an exit strategy arising primarily on the death or total and permanent disablement of a principal. If you require more specific drafting needs to support the exit of a Principal following bankruptcy, insanity, retirement etc, Argyle Lawyers would be pleased to discuss adapting our standard documentation and the fees applicable to tailoring the documents to meet your individual needs.

BLANKS

Your instructions must be clearly and precisely stated (preferably typed) to prevent delays. Should any space be insufficient simply attach a separate sheet and mark in the appropriate space "refer attached page". Leave **NO** blanks. If there is no particular instruction necessary, please mark "Not Applicable".

PROPORTIONS GRANTED

The Deed assumes equal exercise of the options to maintain relative ownership rights. By way of example in a three person partnership where the interests are owned A-40%, B-40-% and C-20%, if A died, under the agreement his share would be automatically divided two thirds to B (ie. B's 40% share divided by B and C's 60% combined share) and one third to C (ie. C's 20% share divided by B and C's 60% combined share).

If you wish the Deed to be tailored to recognise differing rights in respect of the transfer of ownership, your solicitor can make the appropriate amendments.

EXERCISE OF OPTIONS

The time limits for exercise of, and the manner and time for payment pursuant to, the options granted are all set out in the Deed. You do not have to consider the means by which the options are exercised as the deed covers this and the package of documents includes a pro-forma notice of exercise of the options. The mechanics of exercising the options have been set out for you in the deed



**PRELIMINARY DATA & INSTRUCTIONS
BUY SELL DEED**

DECLARATION

I, the person stated below, on behalf of and with the authority of the various persons named herein in their respective capacities as Principals, Policy Owners or Owners of the Business or property the intended subject of the deed, request you to draft the Buy Sell Deed and ancillary documentation. Details necessary for the documentation are set out in this instruction to you.

I have read this instruction sheet in full and warrant on behalf of myself and the persons named that you can rely upon the information provided. I understand the work which you will undertake pursuant to these instructions and note that you will not undertake any other work other than as stated above. I further note that you can provide advice upon the issues arising from the Income Tax Assessment Act, Life Insurance Act, stamp duty, contract law, trust law and estate planning law issues that arise, both from a general perspective and in respect of the individual circumstances of each of the persons named. Should I or any person named wish to seek your advice, we understand that your normal time charges would apply.

For the purposes of the trust account regulations of the Legal Profession Act 1987 (NSW), you are hereby authorised to withdraw your fees from your trust account in respect of any money held by you upon forwarding documentation (including memorandum of your fees).

SIGNED:

NAME:

(Please print)

DATE:

ADDRESS

.....
(To send documents)

TELEPHONE: