

What happens to a business when an owner suddenly dies, becomes disabled, gets divorced, or simply wants out? Without a properly structured buy-sell agreement, the answer could be a financial disaster.

In this episode of the Tax Rep Network Podcast, Eric Green is joined by Rick Wells and Doug D'Andrea to discuss one of the most overlooked areas of business and estate planning: protecting a business when the unexpected happens.

From partners fighting over ownership to surviving spouses inheriting interests in businesses they cannot operate, Eric shares real-world examples of what can go wrong when business owners fail to plan.

You'll discover how buy-sell agreements work, the importance of business valuations, how life and disability insurance can fund a buyout, and why even an existing agreement could leave your clients dangerously exposed.

For CPAs, EAs, and tax professionals, this is more than a planning issue. It's an opportunity to become an indispensable advisor, protect your clients' largest assets, and create new revenue opportunities for your practice.

Don't wait until a client dies to discover they never had a plan.

Join our free buy-sell planning webinar on December 2 here:
https://taxrepnetwork.com/programs/buy-sell-planning

Watch the episode here

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Your Business Partner Dies Tomorrow. What Happens Next? With Doug D'Andrea And Rick Wells

Understanding Buy-Sell Planning And Business Risks

I'm joined again by our friends Rick Wells and Doug D'Andrea. What I wanted to do is talk about a topic that comes up. It comes up often. I think people don't want to deal with it. There are a lot of questions about buy-sell planning. This became a hot topic for me when I had clients who passed away. Suddenly, there's a business. There's no agreement in place. There's no plan for transition.

I've seen it where employees leave, and they start taking stuff. They take clients. They take equipment. They take all of that. There's a partnership fight, or they have special licensing. It's not like the spouse can take over the medical practice unless they're a doctor. There was never any thought process or thought put into what happens tonight if you don't get up tomorrow. Rick, you might explain it. For the folks tuning in, what is a buy-sell agreement?

Thanks for having me on again. I'm enjoying the time that we have, and I especially appreciate the opportunity to talk to your community. You led off by saying that most people don't want to deal with it. It's a topic that they don't engage with often enough. It has to do with their overall estate planning and especially the succession planning. It's a contract between business owners in case any type of adverse event occurs. They can be death, disability, divorce, or some sort of irreconcilable disagreement.

It's a way for you to predetermine a course of action in what happens to the business in case any of those events occur. You plan when everything's calm, and it is an agreed-upon process for what happens to the business if any of that happens. There are two things that need to be considered. 1) How it's going to be funded, and 2) The proper valuation of the business as businesses grow and things happen.

It is a necessary thing that businesses need to engage in, especially thinking about your community with the tax professionals. They're the ones who know about income. They know about distributions, structures of the entities, and things like that. It's a great opportunity to engage with clients and make sure that they're taken care of, especially in this time of massive wealth redistribution and transfer. A lot of those businesses are going to be either inheritable, sold, or liquidated. We're looking for a plan to be in place for business owners to surf their way through that.



The other thing I've found is, what is the trigger? When does somebody want to sell or have to sell? What I'm thinking about is disability. At what point is someone disabled that it would trigger? I've seen it where you have somebody physically and mentally disabled, or whatever it is, who is unable to carry on. The other partner or partners are like, "We got to take this over and keep it going."

You may have family members that don't want that sold. They have a seat at the table. There's an income stream, whatever it is. One of the things I've learned over the last couple of years is defining what the triggers are that would start that. It's defining disability. How are we valuing this? How do you value it, and then how do you fund it? Certainly, for the same disability or death, insurance can play a very big part of that.

Valuation Methods And Professional Collaboration

That's if you qualify. There's another aspect that comes into it. You're bringing up great points. You mentioned the trigger. We're talking about the big CE and educational event that we're having in November 2026 for folks. The main trigger is when someone dies. What happens? If it's funded through life insurance, there's immediate liquidity. It's pretty clear-cut.

You're raising a lot of issues, which is fascinating. Understand that these agreements are written by your lawyer, not by your financial advisor. Your tax professional, lawyer, and financial advisor, these guys play a team effort to make sure that this is taken care of properly. In valuing it, we do have resources in the firm that help you value the business and help tax professionals support their efforts in getting their clients proper valuation. There's a platform, RISR, that we have. In MassMutual Life Insurance, that's what we do. There's incredible expertise behind what we have here, but, to your point, to begin with, it's something that's often not talked about, although it should be.

We're doing a big webinar on the overview of financial planning of what every tax pro should know if their client dies. That's November 9th and 11th, 2026. It's for 6 hours. You get CPE credits. It's free. On December 2nd, 2026, we're doing a webinar on buy-sell planning. I'll be focused on accountants and tax professionals in particular, but this also goes for your clients. This is a chance for you to be a hero for the client. You generate work for yourself.

If you're reading this and you do handle financial services, there's life insurance and disability insurance. There's a lot of opportunity to do the right thing by the client and make sure that they have secured what could be their biggest asset. Also, you legitimately create revenue for yourself. There's a real need for this.

We get it because, as the attorneys, why didn't their CPA ever suggest this to them? The excuse is they don't do that planning. Families generally aren't terribly happy with that answer. They had all the numbers. Most EAs and CPAs are all too busy. This is the kind of thing that we're talking about, getting out of your own head and looking at the bigger picture, both for yourself in your practice and for your clients.

The other thing, Rick, that we didn't mention, and I'm sure the tax pros who have ever been through this know, is how you structure this. If you have two partners, usually, you do cross-purchase. You have an agreement where the other will collect the insurance and buy out the other one. That's easy.

What if you have 7 partners or 9 shareholders in a closely held business? You're effectively recapitalizing where the entity collects it, and it buys out the individual, and the tax consequences of all of that.

There is a problem I want to address that we see a lot of, which is people are like, "We have a buy-sell agreement. When did we do that?" "It was about fourteen years ago. In fact, I think that attorney died. I don't even know if we have a copy of it anymore." With folks who have a buy-sell agreement, this is like your estate planning documents. This needs to be revisited every few years, if not every year. When I say revisited, meaning we're not redoing it every year, but to look at it like, "Does this still work? Does this still make sense?"

I had a buy-sell agreement that I did for a father and two sons. They called me after fifteen years and said, "We want to update our estate documents." I looked and saw that we had done a buy-sell agreement. I looked at it, and I'm like, "Is Dad still in the business?" They're like, "No. He retired years ago." I'm like, "We should look at your buy-sell agreement. I thought you moved the business. Are you still in the building in Wallingford?" He's like, "We're not there. We haven't been there in eight years. You have a building being sold that you no longer own. You have someone buying you out that's no longer there. We have to revisit that."

Tweet: Buy-sell agreements are written by your lawyer, not your financial advisor. Your tax professional, lawyer, and financial advisor must work as a team to ensure everything is handled properly.

Navigating Valuation Challenges And Uninsurable Clients

It does have to answer the three questions. Do you have one? When was it last reviewed? How is it funded? Life insurance is the jam. Doug has some experience with having multiple owners come together and craft the plan. That gets a little more complicated, especially when you think of the Connelly case that happened not too long ago on how that structure is very important. The continuity and getting into the weeds is something that the team effort has to move forward with.

You brought up the issue of valuation. For everyone tuning in, the best valuation would be to get a valuation expert to do a report. I can tell you that there are a lot of clients of mine that don't want to pay. A business valuation at the cheap end would be $15,000, and honestly, they're often much more than that. There are other ways to value.

I'm thinking with an eye toward more accounting and tax practices, where you look at either a multiple of gross or a multiple of EBITDA, and you can come up with a formula. One is the question about valuation. For life insurance and disability insurance, a good reason to do this sooner rather than later is what if they're not insurable?

One example, and this is what Rick was alluding to earlier on, was a larger medical practice with multiple partners. One of them was unhealthy for a period of time. It's now healthier. For all other purposes, it was uninsurable when you look at the underwriting requirements that are there. I was able to go in and craft a plan. We sit down and talk.

First and foremost, for that valuation, it's always a discussion with that CPA. "Are you able to, as a CPA, help us create some level of valuation?" The answer is either yes or no. In most cases, it's yes. If that's the case, then great. A CPA takes that. To all of you tuning in, you're able to create some revenue by

generating some valuations for those individuals. We have a software called RISR. It's a higher level, but it gets the job done. It puts us in the ballpark. We can always shift that from there.

The second conversation went over to the attorneys. You've got to have a good attorney. You've got to have Eric and his team going through and creating this strong buy-sell agreement, making sure that it's accurate. That's step number two, and then it's funding everything through it. That's where we had to think out of the box because one of the key players was not insurable for underwriting purposes. We're going to talk about this in November 2026 when we meet together for the WebEx.

There's a program called Worksite. This Worksite life insurance platform doesn't require underwriting. There were some questions that we had to answer, but it didn't require underwriting as we all know it. No blood, no urine, no vitals. None of that kind of stuff has to be taken. It's a couple of questions we have to answer that may knock you out depending on severity. For the most part, it got us through. The insurance coverage was placed for all partners of the practice under the union. We were able to craft this and put this together. It was great. It all worked out by utilizing some of the other products that are there.

They only did the buy-sell for the purposes of someone passing away. They didn't see the interest of a disability happening. Maybe that's a round two discussion that we have in the future. There is also a group-style disability policy as well through MassMutual that we could also look at, so you can cover both ends there. I wanted to share that with you. Most people will say, "This person's not healthy enough." Don't discount that. There could be an opportunity or a product that we could be using to help with that.



The other thing is to think a little bit outside the box. Let's say we have a partner. Let's say it's the three of us. We have about 9 or 10 employees. Doug, I'm sure you're smiling because that's going to be critical. I'm uninsurable for an underlying medical condition. We could get insurance on Rick. We can get insurance on Doug. What happens if Eric goes? Can we put in a group plan where there is no underwriting? Maybe we need $2 million each, and we can't get $2 million. Doug, we had had a policy at one point. It was $250,000 as long as we got it for everybody. It was at least $10,000.

That's correct.

These programs still exist. I'm sure it does in some form or fashion. I could get up to $250,000. Anyone could elect that. The buy-sell may say, "The goal is to put this insurance in place and have the firm pay for it." $2 million is going to be the insurance on Eric. That gets paid. Whatever the balance is, the firm is going to have to pay out over time.

Unfortunately, because Eric was uninsurable, his estate will have to take a payment annuity stream effectively over time. There may be other ways to get some of this insured without saying, "Buy and sell. Go buy life insurance." There may be some other things in my mind to craft this so that you can see that liquidity.

That's a very good point. Under that Worksite platform, we're going to get to it in November 2026. There are some limits, but for the most part, it works. It's a guarantee issue-type product. It's certainly something that you all should know about or at least know that it's there because you'll be surprised. There's going to be that client that's like, "It's not going to happen for so-and-so." We're good, but because of them, we can't. That's not the case any longer. The insurance world is evolving. They're providing products for a lot of people that may not have been eligible for it in the past.

One other thing I'd like to touch on that Eric mentioned was that our clients need guidance. In my experience, the CPA is the number one person or the point person. You meet every year, talk all the time, and have these discussions. They know the ins and outs of the whole financial picture of every single client that they've got.

Protecting Young Partnerships And Real-World Scenarios

A different experience that we had was with two younger gentlemen. It was a partnership. They're in their early 30s. They started a business, and it took off. They didn't know what they didn't know, so they depended on all of us as the seats at the table to guide them through navigating this new business that took off. They depended on all of us to navigate all the nuances of tax deductions, payroll, this and that, and everything else, as well as the 401(k). Everything was introduced.

I said to them, "What's your plan if somebody has an issue or somebody passes away?" They stared off and were thinking, "We never thought about it." I said to one of the business owners, "Are you okay with working with their spouse?" The other one started laughing a little bit, and I go, "Hold on. Are you okay working with their spouse?" Both smiles went away a little bit, and their gears were turning. They were like, "We don't want that to happen." It started the gears. They started talking and having the conversation.

Now, they're covered. The agreement is in place. They know what they've got to do. They know that if something should happen to either one, a dollar amount is earmarked. It's an agreed-upon number. It's going to go to the opposite business partner. That particular case was a cross-purchase. It was very simple and easy to do. They sleep better knowing, "There's a plan."

We used term insurance for it, which is very inexpensive. It wasn't crazy expensive for us to do. The hardest part of that decision was, "How many years do we want to put this in place for? How long do you plan to work for? 30 years? Let's go. Let's put a term insurance policy in place for 30 years." It's going to get a little dated, as Eric alluded to. As the business only continues to grow, the valuation is going to grow as well. You add additional coverage in the future.

They were both healthy. Underwriting was not an issue when it came to that piece, and it shouldn't be an issue in the future. At least we've got a framework. We've got a groundwork that we can work off of that we know spouses are going to be taken care of, and the business is going to be taken care of. There's no more worry when it comes to that.

Tweet: The insurance world is evolving and they're providing products for a lot of people that may not have been eligible for it in the past.

Seeing both of their faces smiling and thinking, "I'm not working with your spouse," and then the other one saying, "Wait a minute. That means I have to work with yours," was a moment that I will never forget. I always talk about that when I've got the business owners that I work with. You have to address it. Some people laugh it off and are like, "I don't need it." You do. Your business needs it. Your employees need it. Your family needs it. I wanted to share those two stories.

With business continuity, there are a lot of people who have an interest in that, including all the employees. S Corps have their own issues. Do you want to work with that person's spouse? What if my spouse is not a US citizen? I have that. On the estate planning side, you have what's called QDOT, Qualified Domestic Trust. If they're not a US citizen, they wouldn't get the exemption. There are ways to plan for that.

Here, you can end up blowing up the S election if, all of a sudden, you have a shareholder who doesn't qualify under the subchapter S rules. We make sure we deal with this with a trust. If someone dies and everything pours into their revocable trust, there are a number of things we build in. One is environmental. What if you want to take over that old industrial building and the site is polluted? The trustee can reject it and carve that out into its own entity. If there's going to be an assessment to clean up, we'll lose the asset. We don't want to wipe out everything else.

Here, with the same way with professional licensing, if this is a medical practice, hopefully the doctor did some planning. If not, within a certain amount of time, we have to find another doctor to at least take over running this until we either sell it, dissolve it, or whatever we're going to do. In an S Corp, it's the same thing. The trustee can set up a specific trust to hold S shares or a subchapter S trust. These are things that a tax pro should be thinking about. These are some of the benefits you bring to the table. The client's not going to think about it like, "I'll sell it. My brother will take it over. No problem." What if your brother's not a US citizen, or what if the brother doesn't qualify for some reason?

I had brought up the issue of triggers. What would trigger this? We've hit on death and disability. It's the American Disabilities Act definition of disability. You can have a number of things, like retirement. It's like, "My knee. I want to go to Florida. I'm done. I want out." Death and disability are easy. We got insurance. What if the person wants to leave? It would be funded and planned for differently, but that's got to be factored in.

The Five D's: Triggers Beyond Death And Disability

Another is, "I had termination of employment. My employee who was going to buy me out, we've had a falling out. I'm firing them." It's a termination trigger. Let's say they had shares. The loss of a professional license is big for us. One of my partners loses their license to practice law. They're not a partner anymore. How do we fund their capital and their buyout? Divorce may or may not be an issue,

but it could be because the asset that they own is part of the divorce estate. What was it, Doug? Do you want to work with that person's spouse?

Yes.

Let's jack it up a little bit. Do you want to work with the angry ex-spouse?

That's right. Next level.

I've heard it described as the five D's. Death, Divorce, Disability, Disagreement, and Default. You hit on all of them there, Eric.

Nobody's going to file bankruptcy. We don't want their ownership interest in this being decided on who's going to own that from some bankruptcy trustee. We have lovely bankruptcy trustees here in Connecticut. I don't want them deciding who's going to own Tax Rep Network or Green & Sklarz. Normally, in most of our buy-sell agreements, if somebody files for bankruptcy, it's automatic. We get the right to buy their interest. They have no choice in the matter.



It's a matter of finding the capital for that. That's the next level stuff.

To everyone tuning in, for the death and disability, if you have one of these, Rick and Doug, 99%, can sort that out. We can fund that. That's easy. The more interesting thing is the divorce and bankruptcy. If you want to retire, you negotiate something. You're like, "They're going to pay me for my draw for two years. We'll figure it out." Death and disability are easy, hopefully, because you've got insurance in place. Everyone hates each other in the termination. The bankruptcy and divorce become more problematic.

I had a discussion not too long ago. You technically can solve for those still using a permanent insurance policy with cash value, like maybe the 162 bonus platform that you can use. The money is there. It's funded. Even a split dollar, which Rick will touch on in November 2026, is there. It's being funded as part of your package, but there's the right to claw some of that cash value back in one of those cases. There are opportunities. There are solutions that we have available, but still under the insurance platform for those outliers that aren't there. There are a lot of opportunities for everybody.

As a tax professional, for the folks reading this, this is your chance to quarterback the whole situation. If you do financial services or do decide after you join us on November 9th and 11th, 2026, that you want to get licensed and work with Doug and Rick, the point is, I don't necessarily have to be the insurance expert. That's what Doug and Rick do. You don't necessarily have to be the attorney. That's what the attorneys do. They draft the documents and all that.

They're probably all going to look at you. The client should say, "If we do this, what happens for tax purposes?" If it's cross-purchase, we're buying out your interest. You should get long-term capital gains. That's where you get it. If it's a buyout, over time, as each payment comes in for that year, there's going to be a percentage that's going to have to be picked up, whether it is income, etc.

One, you play the role and explain the tax consequences, but two, walk the client through this because the client might say, "That sounds great. Now, what do I do?" You don't want to say, "We'll go find a financial guy and go find a lawyer." Hopefully, you say, "I got a team. Let me introduce you to them. If you like them, they can put all this in place for you." That's it.

For the folks tuning in, because of time, if you haven't looked at it in a long time, pull it out and look at it. Does it even make sense anymore? Does the valuation even make sense? Are the same players that were listed before even players anymore? Number two, if you don't have an agreement, where do you think they start?

They start by contacting Doug and me, and we get it going. There is a lot that needs to go into it on how it's structured. We have a great team behind us. We have plenty of firm specialists to get you started in the right direction. Home team.

In terms of attorneys, if you don't have one, we do, like Connecticut and Massachusetts. Beyond that, all around the country, we have a network of people we could refer you to, and so do Doug and Rick. They have people locally who know attorneys who do this work. You don't want somebody like the family friend who does divorce and dog bite cases, saying, "I'll do it for you."

Quarterbacking Client Success And Upcoming Webinar Details

You can't do that.

There are too many environmental issues, real estate issues, and licensing issues. They miss out a lot on those basic agreements, even if they did touch on them, or your client's individual situation. There are times when you could probably do things on your own. This wouldn't be one of them. This is where you want to have the professionals do this because you have a lot on the line.

"God forbid something happens to me, I feel confident that everything's in place for a smooth transition. I'm not going to create yet another nightmare for my family. It'll be bad enough for me to

die. Do I now need to create more headaches and nightmares?" The best clients for this stuff are people who have been through it where none of this planning was in place.

Tweet: Better to think about succession planning in advance. That's what we call a plan.

After having done that, usually, they're like, "Screw that. I want everything nailed down because I don't want to go through that again." People get weird about money. You and your partner could be best buddies. It's going to be that the spouses and the kids end up later deciding they're not too happy about whatever's happening. You've set the stage for a good-old costly, expensive, ugly fight.

That's not just between business partners and friends. It could be between family, too. It can make Thanksgiving uncomfortable. We don't want that to happen. That's a good point.

It's better to think about it in advance. That's what we call a plan.

Everyone, on November 9th and 11th, 2026, we'll spend 3 hours each day on all the basics and advance. We'll talk about basic probate, dealing with the decedent's tax issues, the basic documents, all the financial products that you should be considering, life insurance, disability, retirement planning, and advanced planning ideas. On December 2nd, 2026, it's free for two hours on buy-sell planning.

I'm coming at it with a view of looking at accounting and tax practices, but honestly, the issues are the same, whether it's a medical practice, engineering practice, architectural practice, or a retail store. Some of the valuation might be a little bit different. You might have to deal with the inventory issue. The bottom line is the concepts are the same. The planning issues are the same.

Please join us. If you need to reach out to Rick or Doug, their contact information is also there as well. Feel free to reach out to them. Thanks for taking the time. I'm excited about the webinars we have coming up. First of all, we already have a huge number of people. We're over 2,000 already for the November one, and we're still weeks out. People are very interested in this. It's going to be very cool. Everyone, thanks for tuning in. You can register for free. Otherwise, see you soon.

Thank you all.

Thank you.

Important Links

- Rick Wells
- Doug D'Andrea
- When a Client Dies: What Every Tax Professional Needs to Know
- What Happens to the Business When Life Happens?
- RISR
- Worksite

About Doug D'Andrea



Douglas D’Andrea has been in the financial services industry for more than 20 years, providing clients with creative planning strategies that integrate all aspects of their financial lives. He delivers strategic solutions in employee benefits, retirement plans, and personal wealth management. By focusing on each client's unique financial and investment objectives, Doug develops customized strategies designed to help them achieve their goals.

Doug graduated from Western Connecticut State University with a Bachelor of Business Administration in Finance and holds FINRA Series 7, 63, 65, and 24 securities registrations.

He also holds the Accredited Investment Fiduciary (AIF®) designation, reflecting his commitment to fiduciary excellence, ethical standards, and prudent investment guidance. This specialized training reinforces his dedication to helping clients make informed financial decisions while always serving their best interests.

In addition, Doug has earned the Certified Plan Fiduciary Advisor (CPFA®) designation, demonstrating specialized expertise in retirement plan fiduciary responsibilities, ERISA compliance, and plan governance. This credential underscores his commitment to helping plan sponsors navigate the complexities of employer-sponsored retirement plans and fulfill their fiduciary obligations.

Outside of his professional responsibilities, Doug serves as a Trustee of the Watertown Foundation, a 102-year-old nonprofit organization that awards more than $200,000 annually in scholarships and grants to members of the local community. He enjoys spending time with his family, traveling, woodworking, and photography. Doug resides in Watertown, Connecticut, with his wife, Kristi, and their daughter, Brooklyn.

About Rick Wells



Rick Wells is a dedicated leader, educator, and advisor with over three decades of service to his community and country. A retired Lieutenant Colonel in the United States Marine Corps Reserve, Dr. Wells spent his military career in both active duty and reserve roles, culminating in his retirement after years of exemplary service.

In addition to his military career, Dr. Wells retired as a highly respected elementary school teacher from the West Hartford Public Schools. Throughout his tenure, he inspired young minds with a commitment to fostering growth, resilience, and achievement. His innovative approach to education emphasized the importance of perseverance, mastery, and the cultivation of self-awareness—skills he believes are foundational to both academic and personal success.

As a financial advisor, Dr. Wells brings his service-oriented ethos to helping families, professionals, and organizations build strong financial futures. His expertise in retirement planning and wealth management reflects his dedication to guiding others through challenges to create sustainable solutions that align with their values and goals.

A staunch advocate of health and wellness, Dr. Wells champions the principles of commitment and consistency as a key to building strength and overcoming challenges. Drawing from his military, educational, and personal wellness journey, he inspires others to embrace challenges as opportunities for mental, physical, and spiritual growth.

Through his work as a mentor, speaker, and advisor, Dr. Wells shares powerful insights on goal setting, leadership, and wellness. With decades of dedicated service to the community and the country, Dr. Wells continues to lead by example, offering practical strategies to elevate individuals and organizations alike.