

2024

**Advanced
Sales Forum**

Navigating Hazardous Buy-Sell Seas: How the Connelly Case Changed the Landscape, and What Do We Do Now?

Your Panel



Polina Engel, J.D., CLU
Director, Advanced Solutions
The Principal Financial Group®

- Years of experience – 15 insurance, 12 business consulting, 18 legal practice
- Practiced law in Milwaukee
- Specializes in advanced business solutions



Ana Medinaceli Canelos
Director, Advanced Markets
John Hancock

- 24 years of experience
- Former financial advisor
- Specializes in comprehensive planning for business owners



Stephen E. Alloy, J.D., MBA, CLU, ChFC, MSFS
Advanced Sales consultant
Mutual of Omaha

- 40 years of experience
- Practiced law in Chicago
- Focus – business market, estate planning



Amy Bryant, J.D., CLU
Director, Advanced Sales
Penn Mutual Life Insurance

- 27 years of experience
- Focus – estate planning for business owners

“A corporation’s contractual obligation to redeem shares is not necessarily a liability that reduces a corporation’s value for purposes of the federal estate tax.”

**-Supreme Court Holding in *Connelly v. United States*,
No 23-146, 602 US___(2024)**

US v. Connelly



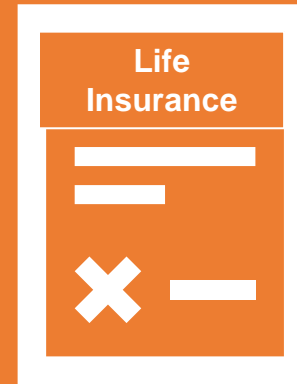
Two brothers, Michael (77.18%) and Thomas (22.82%) owned C Corp building materials company

Buy-Sell



Entity Redemption:

- Company value to be determined annually “by mutual consent” (never did it)
- If an owner died and no mutual consent value, value set by average of at least two qualified appraisals

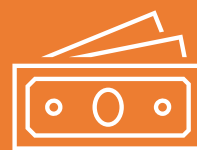


C Corp buys \$3.5M on each brother to fund redemption obligations

Michael dies in 2013



- No appraisals obtained
- Thomas negotiates sale of Michael's shares to Michael's son based on “an agreed upon value”



Value of C Corp shares in Michael's estate = “agreed upon value”



AUDIT

Thank You



Navigate With Confidence