Another Reason Not to Use Fixed Price Buy-Sell Agreements

A recent **post** on the Farrell Fritz website describes the uses and possible pitfalls of using fixed price buy-sell agreements.

Author Peter Mahler explains:

> "A fixed price buy-sell agreement is one in which co-owners of a business select a specific dollar amount, expressed either as enterprise or per-share value, for calculation of the future buyout price to be paid an exiting owner or his or her estate upon the happening of specified trigger events such as death, disability, retirement, or termination of employment."

Fixed price buy-sell agreements in theory offer two main advantages over pricing mechanisms that utilize formulas or appraisals at the time of the trigger event: certainty and the avoidance of transactional costs.

Read the article.