

Protecting your business starts with planning

Key questions to address

Protecting your business

1 Do you have an idea of when you might want to transition out of your business?

Within the next five years 5 - 10 years 10+ years

2 Have you thought about to whom you want to transfer it?

If to **co-owners**, do you have a buy-sell agreement in place? Yes No

If to a **key employee**, do you have a plan to help them have the funds to buy-in? Yes No

If to **family members**, will it be a gift, sale, or combination of both? Gift Sale Combination

If to a **third party**, do you have a plan in place to ensure your key employees stay through the transition? Yes No

3 Does your company have a written plan to continue the business in the event of the four primary buy-sell triggers of the owner(s)—death, disability, departure, or divorce?

• If no, are you aware of the continuity risk this creates? Yes No

• If yes, when was the last time the agreement was reviewed? 0-2 years 2+ years

• If you have a buy-sell agreement in place, how is it funded?

Life insurance Disability Buy-Out insurance Sinking fund (e.g. other investments)
No funding has been set aside

4 Have you ever had your business valued?

Yes. Provided value \$ _____ No. Your best estimated value \$ _____

5 Is your business financially protected in the event of the loss of a key employee due to death, disability, or departure?

Yes, I have key person life insurance (term or permanent insurance)

Yes, I have key person replacement insurance (disability insurance)

No

Protecting your employees

1	Are your benefits sufficient to help attract and retain the right employees? Tell us about the plans you have in place and when each was last reviewed. (Mark all that apply.).		Yes	No	
	Health insurance	Date last reviewed			
	Qualified retirement plan(s) (i.e. 401(k), 403(b), ESOP, profit sharing, etc.).	Date last reviewed			
	Is your qualified plan meeting your current objectives?	Yes	No		
	‣ If no, are there nondiscrimination testing issues?	Yes	No		
	‣ Are your highly compensated employees getting refunds?	Yes	No		
	‣ Are you and/or key employees able to save as much as you want in the plan?	Yes	No		
	Group life insurance	Date last reviewed			
	Short-term and/or long-term disability insurance	Date last reviewed			
	Dental insurance	Date last reviewed			
Vision insurance	Date last reviewed				
Critical illness insurance	Date last reviewed				
Accident insurance	Date last reviewed				
2	Do you offer any benefits to employees on a voluntary basis, or are they all employer-paid?				
	All employer paid	All voluntary	Some employer-paid, some voluntary		
3	Would you be interested in a comparison of the benefits you offer with those of other companies like you?		Yes	No	
	If so, and you have 3-100 employees, try the Principal® Benefit Design Tool at benefitdesigntool.principal.com .				
4	Is retention an issue for you with your key employees?		Yes	No	
	If yes, have you considered offering key employee benefits to help retain your top talent?		Yes	No	
5	Do you have a nonqualified key employee benefit plan(s)?		Yes	No	
	• If yes, what type of plan(s) do you have? Why was it implemented?				
	• Is the plan still meeting your goals/expectations?		Yes	No	I don't know
	• Does the plan tie the key employee(s) to performance standards?		Yes	No	I don't know
	• Is the plan effective at retaining your key people?		Yes	No	I don't know
	• When was it last reviewed?		Date last reviewed		

Protecting your **lifestyle**

1	How much annual after-tax income will you expect from the sale of your business?			
	\$ _____			
2	Do you expect this will be your sole source of income?	Yes	No	
3	Have you reviewed all your potential sources of income for retirement?	Yes	No	
	If yes, is it enough to provide the lifestyle you've planned?	Yes	No	I'm not sure
	Combined with the proceeds from the sale of your business (if applicable), will that be enough to live comfortably 25-30 years in retirement?	Yes	No	I'm not sure
4	Would you be interested in an analysis to determine whether your retirement income sources are sufficient to meet your projected needs?	Yes	No	
5	Are you properly insured in the event of death or disability?	Yes	No	
6	Do you have plans in place to protect against chronic illnesses that may impact you and your family's financial security?	Yes	No	
	If yes, when was it last reviewed?	Date last reviewed _____		
7	Do you have plans in place (wills, trusts, etc.) to ensure your estate goes to your loved ones?	Yes	No	
	If yes, when was it last reviewed?	Date last reviewed _____		

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