

# Your results: Protecting your business

Sample Company



## You've got a good start!

You're on the right track but there's room to improve on the plans you have in place to protect your business.



You indicated you haven't recently had your business valued, but the estimated value is \$3,000,001 - \$5,000,000.



You indicated you're unsure if you have a buy-sell agreement in place, but you intend to transfer your business through a sale to key employee(s), shareholder(s), and family member(s).



You intend to sell or transfer this business in 10+ years.



You indicated that when the time is right, transitioning your business will include the following: Consulting with your current company for a period of time, Traditional retirement, and Selling my business.



You indicated you're unsure if your business would be financially protected in the event of a death, disability, bankruptcy, divorce, or departure of you or another owner, and you're unsure if you have a buy-sell agreement in place.



You indicated you're unsure if your business is financially protected from the loss of a key employee.

## Areas you could improve on and next steps



### Business valuation

While having an estimate of your business' value is helpful, getting an informal valuation from a third party can help you start putting plans in place to ensure a smoother transition from your business.

#### Request a complimentary informal business valuation from Principal



Have your financial professional request a complimentary informal business valuation, (paper copy available upon request).

[View this sample report](#)

An informal business valuation from Principal, using five commonly used valuation methods, gives you a value for your business which allows you to start or continue the planning process.

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## Areas you could improve on and next steps

### ✓ Continuation/succession strategy

Implementing and fully-funding a buy-sell agreement helps ensure you and your business will be protected in both planned and unplanned events. Having a business continuation and succession strategy in place will help you retain loyal, long-term employees as well as help ensure you're compensated for the value of the business, when the time is right for you to transition out of the business.

#### Find out which transition/exit strategy option may be best for you and why

 [Read this guide to help understand your options](#)

A buy-sell agreement is key to your exit strategy. It creates a market for the business when an owner dies, becomes disabled, or leaves. When structured correctly and properly funded, a buy-sell agreement can help provide a solid start to your plan — and the people who depend on the future of your business.

#### Understand your options quickly

 [Review this decision grid with your financial professional to understand your succession plan options](#)

Get a snapshot of various ownership transition options and learn how the options differ based on when and how you plan to transfer your business - and to whom.

#### Learn the importance of a properly drafted buy-sell agreement

 [Review this infographic to learn common triggering events that should be covered](#)

 [Work with your financial professional to review buy-sell agreement options](#)

Having a current and well-funded agreement in place will ensure you and other owners are protected in all possible situations. Work with your financial professional to review buy-sell agreement options.

#### Increase confidence that your business will be financially protected under multiple contingencies

 [Review this infographic about the importance of a fully funded buy-sell agreement](#)

See how a properly funded, well-drafted agreement that reflects your current goals and objectives can protect you during both planned and unplanned events including retirement, death, disability, bankruptcy, divorce, or departure.

### ! Key person insurance

Avoid business disruption – help keep your business running smoothly by protecting your business against the financial challenges associated with key employee departures, deaths, or disabilities. Both life and disability insurance can help provide liquidity in the event of a loss of key employees.

#### Understand your options for key person insurance

 [Review this flyer about two key options](#)

Key person insurance isn't a 'one size fits all' solution. Your business has specific needs and there are multiple solutions available. Understanding key person insurance options will put you one step closer to protecting your business from this type of financial impact.

### ! Overall results

#### Business succession planning can be the key to your success

 [Complete this questionnaire to discuss your business succession plan with your financial professional](#)

There are advantages to you, co-owners, your family, and the business to have a fully funded succession strategy in place when you decide to exit the business. It's also important to ensure your key employees remain in place during your transition, or the transition of another owner.

# Your inputs: Protecting your business

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## Protecting your business

Here's what you told us that relates to this assessment

handling a financial or economic crisis  
motivating and retaining my key employees  
my plan for being financially independent as I transition out of the business  
my plan for ensuring the business continues after I'm gone  
protecting myself and my business from the financial impact of an owner or key employee death or disability

## Business profile

**What is your company name?**

Sample Company

**Where is your company headquartered?**

Iowa

**What type of business do you have?**

For profit

**Is your business publicly traded?**

No

**How many businesses do you own?**

I own one business

**How many owners does your business have?**

Has multiple owners

**Is your business family-owned (all owners are related/relatives)?**

Yes

**How long has the business been in existence?**

Well established (11+ years in business)

**What type of legal entity is your business?**

Corporation

**How is your corporation taxed?**

S Corporation

**How many employees does your business have?**

11 - 50

## Protecting your business

**Have you recently had your business valued?**

No

**What is your estimated value?**

\$3,000,001 - \$5,000,000

**Do you have a buy-sell agreement in place?**

I'm not sure

**How long until you plan to transition out of this business?**

10+ years

**When the time is right, what will transitioning your business look like for you?**

Consulting with your current company for a period of time, Traditional retirement, and Selling my business

# Your inputs: Protecting your business

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## Protecting your business

**How do you intend to transfer (sell or gift) your business?**

Sell

**To whom will you sell it?**

Key employee(s), Shareholder(s), and Family member(s)

**Do you feel confident your business would be financially protected in the event of a death, disability, bankruptcy, divorce or departure of you or another owner?**

I'm not sure

**Is the business financially protected in the event of a loss of a key employee due to death, disability or termination of employment?**

I'm not sure

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This business needs assessment tool is made available as a self-help resource for your planning convenience. The results from the assessments are based upon your inputs and are not intended to be a financial plan or investment advice from the Principal Financial Group® but may be used as a general guideline to help you make business planning decisions. Responsibility for these decisions is assumed by you not the Principal Financial Group.

All projections, analysis and calculation results are estimates and depend on many factors, including the date and assumptions you provide, and may not reflect all your sources of income or expenditures. In addition, it ignores future transactions or changes in tax laws which cannot be anticipated. The reports, graphs, and other analysis are dependent upon the accuracy of the data you provided.

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