



Informal Business Valuation  
Buy-Sell Review

Your business.  
Your future.  
Your terms.

Complimentary business  
planning services can help.





# Are you ready for a smooth transition down the road?

While most business owners believe planning for the transition of their business at death is key, a transition during their lifetime is much more likely. That's why it's also important to plan how your business transition might impact your retirement.

## Make sure your buy-sell agreement does what you want.

A properly funded, well-drafted agreement does the following:

- Identifies a buyer and a fair price
- Lists who will take control
- Protects employees, customers, suppliers, and creditors during your transition

Best practice suggests buy-sell agreements should include at least these top triggers as mandatory rather than optional: **death, disability, and retirement.**

## Know what your business is worth.

An unexpected triggering event could leave you or your successors and heirs frustrated if the buy-sell agreement kicks in, and your stated company value is either more or less than its current or actual value.

## Tie it all together for a smooth transition.

A buy-sell agreement that reflects your current financial results can provide a more satisfying outcome for everyone:

- Retiring or exiting owners/heirs get a fair value for their share of the business.
- Remaining owners don't over-pay or under-pay the exiting owners/heirs.
- Sellers are more likely to receive fair market value.
- You may avoid costly delays and arguments among owners.

# Our complimentary services offer a great starting point.

We want you to have confidence in knowing your buy-sell agreement is designed and ready to execute the way you want. That's why we offer:

An **informal business valuation** using five commonly used valuation methods. This valuation also satisfies the financial underwriting requirements for life insurance to cover a buy-out, as well as disability buy-out insurance.

A **review of your existing buy-sell agreement** if you have one.

The customized reports you'll get from these services provide a summary of any issues and recommendations. And they'll serve as a starting point for a discussion with your tax and legal advisors. These services are not intended to provide a certified appraisal or market value for the purpose of completing the sale of your business. Nor are they intended to replace the services of your legal counsel. Rather, they're intended to provide you with a meaningful value and best practices feedback to help ensure your business is protected for both planned and unplanned events.

# Ready to begin?

## STEP 1 | Gather your information.

Provide your financial professional with the documents and information needed for the informal business valuation and/or buy-sell agreement review:

**Agreements.** Provide a copy of any current buy-sell agreement and any amendments. Include any documents you think control the transfer of your business.

**Business entity type.** Identify your legal entity type (e.g., LLC, or corporation) and how your business is taxed (S corporation, partnership, C corporation).

**Number of owners.** Provide a list of all individuals and entities with ownership interest (including stock options and warrants), and the ownership percentages.

**Financials.** Provide copies of your financial statements (balance sheets and income statements or federal business tax returns) from the most recent three full years.

**Insurance.** Provide a complete list of all life and/or disability buy-out insurance policies associated with the buy-sell agreement.

- The list should identify the insured, owner, beneficiary, and face amount.
- Include copies of any split dollar or deferred compensation agreements associated with the policies.

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## STEP 2 | Get your complimentary customized reports.

- **Informal Business Valuation and Business Planning Report.** We provide an informal valuation of your business that includes action items and suggested solutions to help meet your retirement, business succession, business and key person protection, as well as legacy and estate planning goals.
- **Buy-Sell Agreement Review.** This report includes highlights of your existing buy-sell agreement and our recommendations for your business based on industry best practices. Adequate funding of your buy-sell agreement is at the heart of its success.

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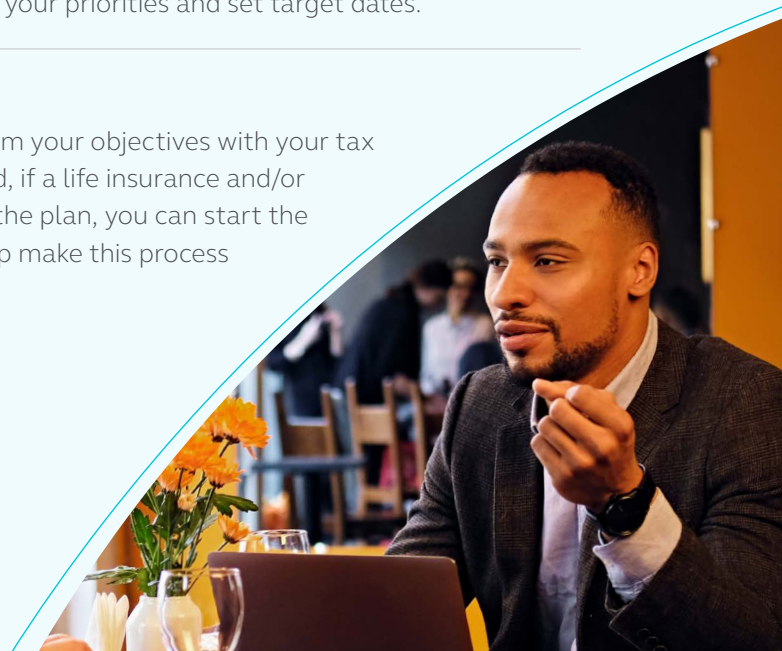
## STEP 3 | Meet with your financial professional.

Discuss your unique planning considerations with your financial professional (this can include a conference call with the consultant who prepared your reports). Then, rank your priorities and set target dates.

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## STEP 4 | Discuss next steps.

Once you and your financial professional have a plan, confirm your objectives with your tax and legal advisors and implement any needed changes. And, if a life insurance and/or disability buy-out insurance policy from Principal is part of the plan, you can start the application process. We have underwriting programs to help make this process quick and easy.





Contact your financial professional or go to **principal.com**.



**principal.com**

**Note:** Although a buy-sell review from Principal provides a valuable starting point, it does not provide you with a legal opinion as to the legal or tax implications of your agreement or to the appropriateness of any funding strategies. Principal cannot provide you with any legal documents or revise existing legal documents. The valuation will not be a substitute for a formal valuation, nor does it establish a value for estate tax purposes. The review is intended to help identify your objectives for the buy-sell agreement and any issues that must be addressed to help ensure your objectives are being met. The review should be examined by your legal and tax advisors.

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