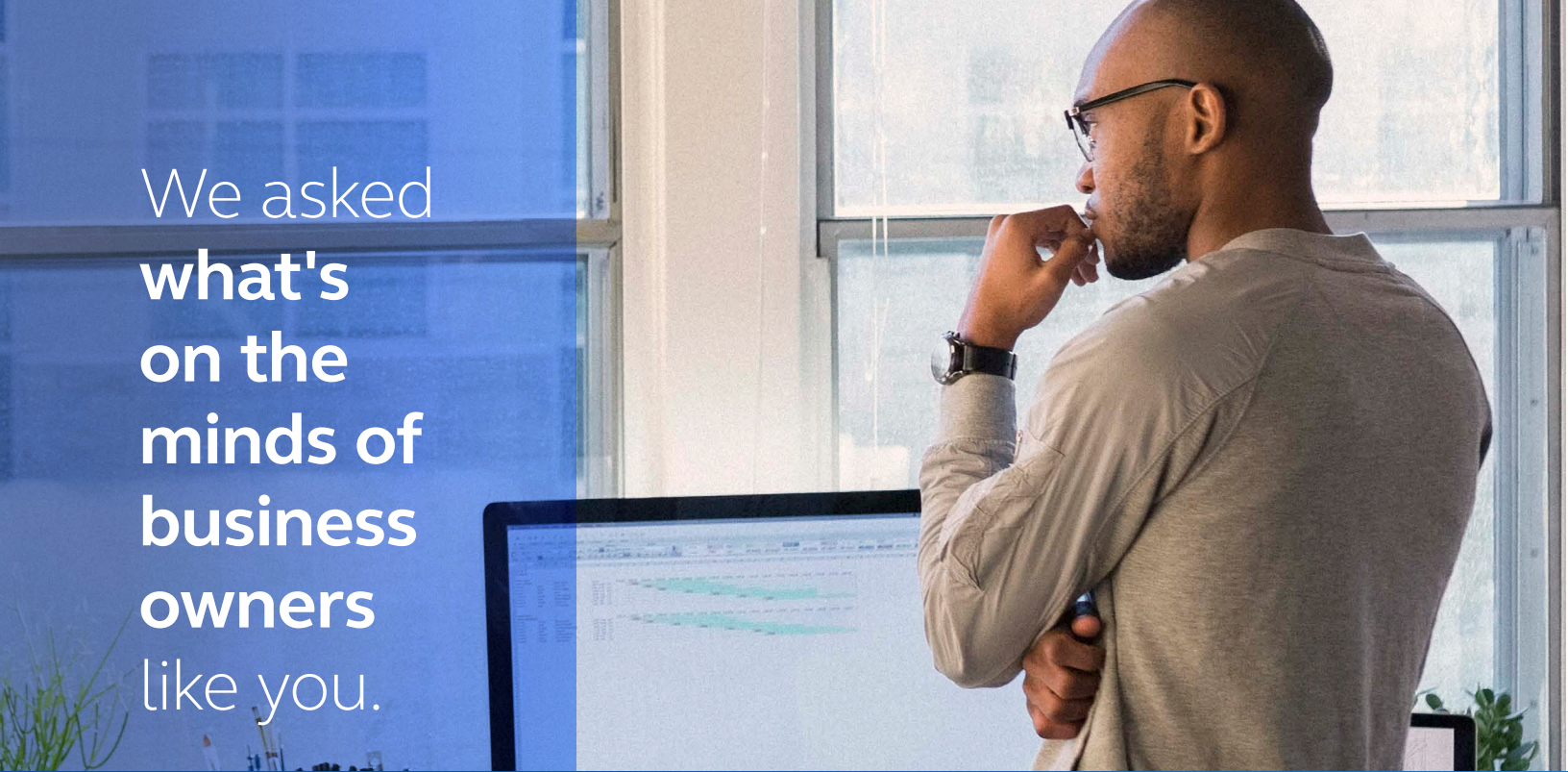




2025 Principal Business Owner Insights

Insights to help you plan for the future





We asked
**what's
on the
minds of
business
owners
like you.**

Small and midsize businesses are an important part of communities and can help strengthen the U.S. economy. While business and financial planning may not always make it to the top of your busy to-do list, putting plans in place may be easier than you think.

See what other business owners said in the survey. These insights can give you an inside look at what your peers are doing and provide some benchmarks to consider as you create your own priorities and action plan.

Using this guide

Snapshot of top priorities and realities	3
Are your priorities similar to or different from your peers?	4
Do you have the right team helping you?	6
What are the next steps?	7
About the survey	8

Snapshot of top priorities and realities

We asked business owners to rank their top priorities and whether they had a plan in place today. Even though business owners rank these as important, many still need help protecting what matters most.



Are your priorities **similar** to or **different** from your peers?

Potential solutions for your **employees**. Stay competitive by offering benefits.

🔗 **Health and wellness solutions** (#2 priority)

These are employer-sponsored programs that provide health-related benefits and organized activities to help employees maintain or improve their health.

What we heard — Comprehensive health insurance remains the most common solution offered (56%) while employee assistance programs (EAP) remain at a record high.

Planning tip: These solutions work together to keep employees healthy and working, and can be a valuable part of the benefits you offer to attract and retain employees.

🔗 **Qualified retirement plans** (#8 priority)

These are retirement solutions, including 401(k) plans and traditional defined benefit plans that are generally available to all eligible employees.

What we heard — The 401(k) plan continues to be the most popular option – a record high 72% offer. ESOP and SEPs are also at a record high.

Planning tip: Principal has experience in the major plan types, as well as service—to make it easier on you to maintain the plan. Talk to your financial professional to help you choose retirement benefits that work for your employees and business.

🔗 **Non-medical (#5 priority) and voluntary benefits (#7 priority)**

Offered at the worksite, they can be employer-paid or employee-paid (voluntary) and typically include benefit options like dental, disability, life, and vision insurance.

What we heard — A record high number of owners think their employee benefits package improves recruiting (77%) and productivity (74%).

Planning tip: These solutions can be designed to fit your needs and budget. See what similarly sized organizations in your industry and region offer for these types of benefits:
benefitdesigntool.principal.com

🔗 **Key employee benefits** (#3 priority)

These nonqualified benefits are generally only offered to owners and select employees who are critical to the success of the business.

What we heard — Life insurance is the most common benefit offered (53%) followed by disability income insurance, retirement protection disability coverage, and deferred comp. When looking at what benefits to offer these employees, affordability and ability to attract/retain key employees are top considerations.

Planning tip: Principal can help find a plan to fit your business type and overall goals with funding options tailored to your needs.

Potential solutions for your **business**. Protect the future of your business.

🔗 **Business protection (#1 priority)**

Helps safeguard the integrity, cash flow, and value of the business if unexpected events like death and disability occur to a key person or business owner.

What we heard — Among business owners who have a plan in place to protect their business, key person life and disability insurance are the most popular. More than 4 out of 10 (42%) have disability overhead expense insurance, as compared to 2010 when only 15% did.

Planning tip: Principal can help calculate the value of a key employee and then offer insurance solutions to protect the business in the event of a death or disability.

🔗 **Business succession planning (#6 priority)**

Formal agreements help ensure everyone involved is on the same page when it comes time to transition the business.

What we heard — The most popular succession strategy is to sell and/or gift the business to family members (44%). Having a well-developed plan and strategy is why 23% said they're very confident in their business succession strategy.

Planning tip: Consider having the proper funding vehicles—like savings or insurance—to help exercise the plan. And don't forget planning for retirement income sources if your strategy is to gift the business to family. The [Business Owner Retirement Analysis](#) from Principal can help.

Potential solutions for your **lifestyle**. Help protect yourself and your family.

🔗 **Income protection (#4 priority)**

Helps replace a portion of income and provides continuous cash flow if you're too sick or hurt to work.

What we heard — A record number of owners have individual disability income insurance (50%).

Planning tip: Individual disability income insurance can provide you with monthly payments when you're too sick or hurt to work. Find out what you need to protect your income and how much it might cost using this simple calculator: principal.com/dicalc.

🔗 **Legacy and estate planning (#10 priority)**

When properly funded, these plans and/or agreements can help ensure there are assets— both personal and business—to meet your lifetime objectives.

What we heard — Wills remain the most common wealth transfer strategy (51%).

Planning tip: Review your will and other plans annually to make sure they still accurately reflect how you want your assets distributed.

🔗 **Survivor income (#9 priority)**

Life insurance helps provide for your family in the event of death, and can be used to help you achieve other financial objectives.

What we heard — A significantly higher number of owners have individual life insurance (73%) to help protect their family. And, a record high 44% use business assets to help pay for it.

Planning tip: Contemplate the type of life insurance you buy—both term and permanent insurance can be helpful to meet your objectives. Find out how much life insurance you need and how much it might cost using this simple calculator: principal.com/lifecal.



Do you have the right team helping you?

67% of business owners use a financial professional.



Working with a trusted financial professional, CPA, and attorney can provide the complete support you need to move your business forward. Their background and insights can work together to give you a more holistic perspective. Is your team complete? If not, ask one of them for a recommendation.

Your goals,
our purpose

No matter what's important to you, Principal® is here to help you identify and implement solutions that are right for your business needs.

What are the next steps?

STEP 1 | Determine your priorities

For your employees

- Health and wellness solutions
- Non-medical and voluntary benefits
- Qualified retirement plans
- Key employee benefits

For your business

- Business protection
- Business succession planning

For your lifestyle

- Income protection (disability insurance)
- Survivor income (life insurance)
- Legacy and estate planning

STEP 2 | Connect with your team

Financial professional: _____

CPA: _____

Attorney: _____

Other: _____

Online tools for business and benefit planning

Assess your business needs

Use the Principal® Business Needs Assessment to get your personalized report to explore best practices for helping protect your business, your employees, and your lifestyle.

principal.com/businessneedsassessment

Compare your benefits

See how your group insurance and retirement benefits compare to what other organizations of your size, industry, and region offer their employees with the Principal® Benefit Design Tool. Are you competitive?

benefitdesigntool.principal.com

About the survey

Dynata conducted 1,000 online interviews from January 6-17, 2025.

Respondents qualified to take the survey if they met the following criteria:

- United States resident age 21 or older
- Currently employed, either full time, part time or self-employed
- Business owner of at least 5 percent of the company
- Actively manage their business
- Own a company with 2 – 499 employees
- The data was then weighted by employee size and annual revenue. Potential respondents were selected from those who agreed to participate in Dynata surveys. Because the sample is based on those who agreed to be invited to participate, no estimates of theoretical sampling error can be calculated.



Let's connect

Contact your financial professional or go to principal.com/ownerinsights.



principal.com

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, Iowa 50392.

Insurance issued by Principal National Life Insurance Co. (except in NY) and Principal Life Insurance Company®, and the companies available through the Preferred Product Network, Inc. Plan administrative services offered by Principal Life. Securities offered through Principal Securities, Inc., Member SIPC, and/or independent broker/dealers. Referenced companies are members of the Principal Financial Group®, Des Moines, IA 50392.

The subject matter in this communication is provided with the understanding that Principal® is not rendering legal, accounting or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax or accounting obligations and requirements.

Not FDIC or NCUA insured

**May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency**

Principal®, Principal Financial Group®, and Principal and the logomark design are registered trademarks of Principal Financial Services, Inc., a Principal Financial Group company, in the United States and are trademarks and service marks of Principal Financial Services, Inc., in various countries around the world.