

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 (choose one)? | | | |
| | 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. | Yes | No | (Mark all that apply). |
| | 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 _____ | | | |
| Hospital indemnity 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? If yes, is it enough to provide the lifestyle you've planned? 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 Yes Yes | No No No |
| | | I'm not sure | 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? If yes, when was it last reviewed? | Yes | No |
| | | Date last reviewed | _____ |
| 7 | Do you have plans in place (wills, trusts, etc.) to ensure your estate goes to your loved ones? If yes, when was it last reviewed? | Yes | No |
| | | Date last reviewed | _____ |

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