

Prepare your business (and yourself) for every stage of its life

Somewhere between your grand opening and your retirement party, your business's needs changed. In fact, they're constantly changing through every phase of the business life cycle. So it makes sense that your planning needs would, too. But how do you know what your top priorities should be—and when?



Every stage has different needs. We offer solutions for all of them.

Business solutions from Principal® help support the needs of your business through every phase. We'll work with you to figure out your most pressing needs. Then we'll give you options that prepare you and your business for the future. Along the way we provide complete support, from planning and implementation to administrative expertise and more.

Not sure where to start? Look at the information below and decide which stage your business is in. Then, see which planning needs you should consider now, and in the future.

New
businesses
(1-3 years
in business)

Growing
businesses
(3+ years in
business)

Established
businesses
(10+ years in
business)

Transitioning
businesses

New businesses (1-3 years in business)

Company traits

- Trying to become established in the market
- Putting profits back into the company
- Generally having substantial debt
- Generally generating revenue of less than \$500,000/year



Business planning needs and solutions

For the business

- Life insurance to cover debt/buildings
- Key person (life and disability) insurance on owner(s)
 - Principal can help you calculate the amount of coverage for your needs
- Buy-sell agreement implementation and funding¹
- Exploration of a group benefits package

For owner(s)/key employees

- Individual life insurance
- Individual disability insurance

Growing businesses (3+ years in business)

Company traits

- Potentially still establishing business in the market
- Expenses and reinvestment in the company may be remaining substantial
- Need for debt financing may be decreasing
- Revenue stream is growing
- Client base is building; relationship management and key person retention needs may be more significant



Business planning needs and solutions

For the business

- Key person (life & disability) insurance on owner(s) and key employee(s)
 - Principal can help you calculate the amount of coverage for your needs
- Buy-sell agreement and funding review
- Informal business valuation
- Finance buy-sell agreement for death/disability/voluntary exit (consider convertible term insurance)
- Overhead expense disability insurance
- Implement a group benefits package using a combination of employer-paid and employee-paid life, short-term disability, long-term disability, dental or vision insurance

For owner(s)/key employees

- Bonus plans (for C corps, S corps, LLCs and tax exempt)
- Nonqualified deferred compensation plans
- Executive carve-out disability protection
- DI Retirement Security

Established businesses (10+ years in business)

Company traits

- Established in the market
- Established management team
- Consistent cash flow
- Business continuity plan in place
- Consistent revenue
- Established client base and relationship management



Business planning needs and solutions

For the business

- Updated informal business valuation to address changing needs:
 - Financing for death/disability/voluntary exit from business
 - Consider a buy-sell agreement review to determine if funding is adequate
- Key person (life and disability) insurance on any new owner(s) and/or key employee(s)
 - Principal can help you calculate the amount of coverage for your needs
- Overhead expense disability insurance
- Expanded group benefits package

For owner(s)/key employees

- Key person retention plan review and addition of any new members
 - Bonus plans
 - Deferred comp plans
 - Executive carve-out disability protection
- Solid transfer strategy
 - Deferred comp plan
 - Employee stock ownership plan (ESOP)
- Business owner retirement planning
 - Bonus plans for all entity types – Principal Executive Bonus Plus, Principal S Owner Plus, Principal LLC Bonus
 - DI Retirement Security
- Estate planning if family is in the business (if business value exceeds \$5 million)
- Inheritance equalization planning

Transitioning businesses

Company traits

- Established in the market
- Strong management team in place
- Consistent cash flow; looking to retain cash flow in owner's absence
- Established client base and relationship management



Business planning needs and solutions

For the business

- Transition planning (paramount)
 - Existing buy-sell agreement review and/or establishment of new buy-sell agreement (and proper funding vehicles) with new owners
 - ESOP
- Key person (life and disability) insurance on new owner(s) and/or key employee(s)
 - Principal can help you calculate the amount of coverage for your needs
- Overhead expense disability insurance (for new ownership)
- Continued expansion of group benefits package

For owner(s)/key employees

- Key person retention plan review and addition of any new members
 - Bonus plans or stay bonus if sole owners
 - Deferred comp plans
 - Executive carve-out disability protection
- Utilization of business value for owner retirement needs
- Survivor benefits/income
- Estate planning if family is in the business (if business value exceeds \$5 million)
- Inheritance equalization planning

All solutions include exceptional administrative services throughout the life of your plan. Most of these services are available at no charge² to you.

Life insurance and deferred comp administrative services:

- Dedicated staff
- Program-level reporting
- List billing
- Online access
- Ongoing support and consultation

Group benefits and individual disability support services:

- Dedicated staff
- Reporting
- List billing
- Online access³
- Ongoing support



For more information

Contact your financial professional today. Visit principal.com.



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¹ Establishing the value of a new company can be difficult; visit with Principal for alternatives

² Administrative services for deferred compensation plans available for a fee with asset/liability tracking and reporting.

³ Not available for individual disability insurance.