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3 Ways to Protect Your Client's Greatest Asset

Business Succession Planning: How to Plan for the Unexpected

Importance of Business Succession Planning

Why All Businesses Need Succession Planning

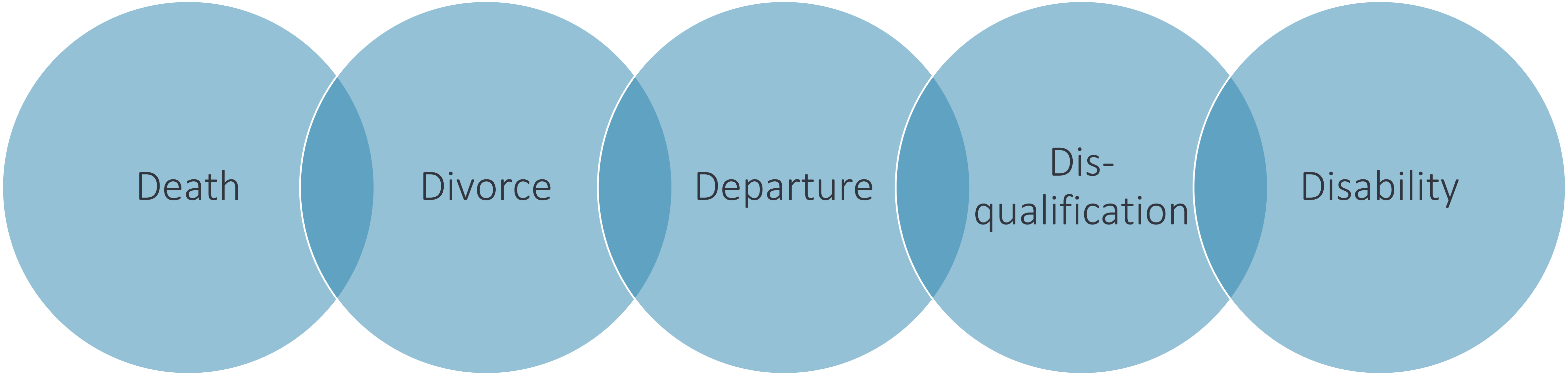
Legal Components

3 types of documents in business succession planning

Operating Agreements	Stockholder Agreements	Buy-Sell & Redemption Agreements
Limited Liability Corporations	S-Corporations	Stand Alone

Legal Components

5 Triggers



Legal Components

How often should a business succession plan be reviewed and revised?

- Business Valuation
- Age
- Key Employees
- Family Situations

Buy-Sell Life & Disability Insurance

Preserving the financial security of a business in the event of a death or disability of a partner

Traditional Life Insurance Coverage

- Benefit limits exceeding $100,000,000+
- 30+ Life Insurance Carriers with Strong Financial Ratings
- Average Valuation $10M-$20M

Traditional Disability Insurance Coverage

- Benefit limits up to $2,000,000 - $3,000,000 (depending on carrier)
- 6 carriers in the mainstream market
- Stacking carriers is difficult
- Policy terms available to 65

Excess Market Coverage (Lloyd's of London)

- Benefit limits exceeding $100,000,000+
- Access through Coverholders
- Policy terms up to 5 years
- Individual or multi-life plans

Connecting Business Value to Your Success


Principal

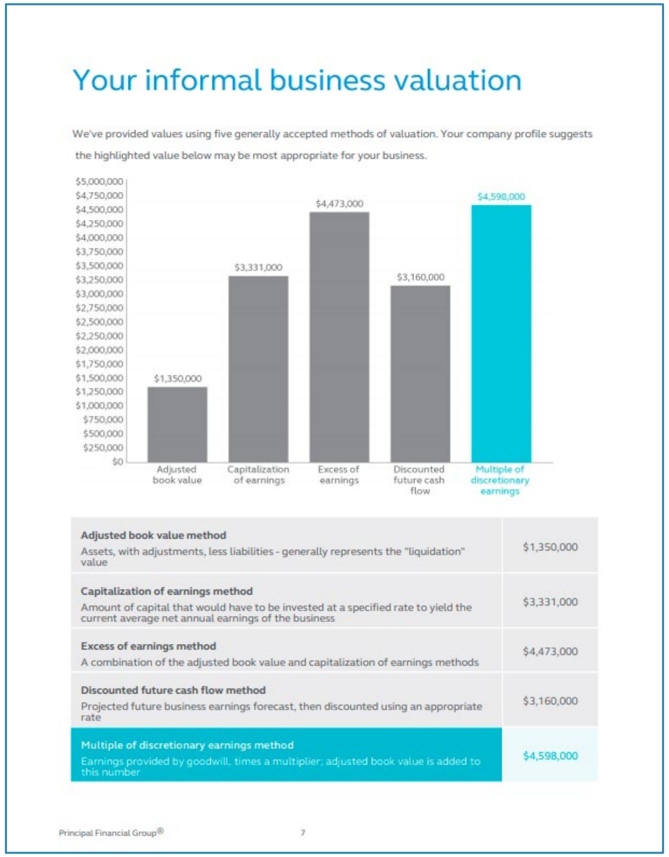
Informal Business Valuation and Business Planning Report

Connecting business value to your success

Presented to
Valued Company

Based on financials from 2017 - 2019

Presented by
Principal Financial Group


Your informal business valuation

We've provided values using five generally accepted methods of valuation. Your company profile suggests the highlighted value below may be most appropriate for your business.

Adjusted book value method Assets, with adjustments, less liabilities - generally represents the "liquidation" value	$1,350,000
Capitalization of earnings method Amount of capital that would have to be invested at a specified rate to yield the current average net annual earnings of the business	$3,331,000
Excess of earnings method A combination of the adjusted book value and capitalization of earnings methods	$4,473,000
Discounted future cash flow method Projected future business earnings forecast, then discounted using an appropriate rate	$3,160,000
Multiple of discretionary earnings method Earnings provided by goodwill, times a multiplier; adjusted book value is added to this number	$4,598,000

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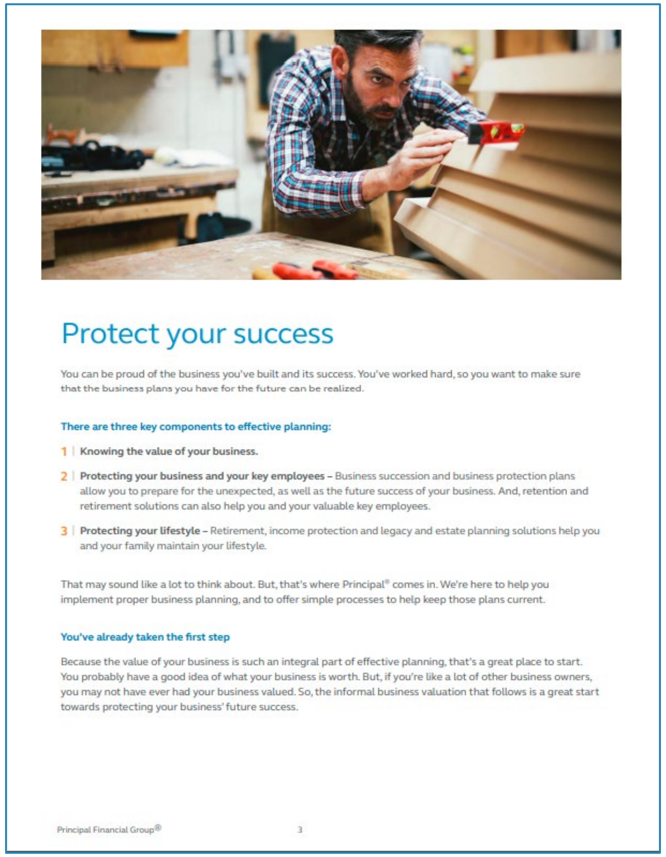
Protect your success

You can be proud of the business you've built and its success. You've worked hard, so you want to make sure that the business plans you have for the future can be realized.

There are three key components to effective planning:

1 | **Knowing the value of your business.**

2 | **Protecting your business and your key employees –** Business succession and business protection plans allow you to prepare for the unexpected, as well as the future success of your business. And, retention and retirement solutions can also help you and your valuable key employees.

3 | **Protecting your lifestyle –** Retirement, income protection and legacy and estate planning solutions help you and your family maintain your lifestyle.

That may sound like a lot to think about. But, that's where Principal® comes in. We're here to help you implement proper business planning, and to offer simple processes to help keep those plans current.

You've already taken the first step

Because the value of your business is such an integral part of effective planning, that's a great place to start. You probably have a good idea of what your business is worth. But, if you're like a lot of other business owners, you may not have ever had your business valued. So, the informal business valuation that follows is a great start towards protecting your business' future success.

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Thank You!
Question & Answer