

Identify Business Planning Opportunities for Every Stage of Business

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)
- Buy-sell agreement implementation and funding
- 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)
- 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



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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)
- 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)
- 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



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