

Disability Buy-Out insurance

Planning for the future of your business

A real-life story of the importance of funding your business continuation plan



As a business owner, you know the importance of managing risks while growing your business. But, have you considered what you and the other owners would do if one of you was too sick or hurt to help run the business? It's not something you like to think about, but having a plan ahead of time makes the transition easier.

Real-life example highlights importance of managing risks

It started when a construction company's bonding company asked them to set up a buy-sell agreement in case one of the owners left.

The construction company established the agreement with the help of an attorney. And to protect the business against the disability of an owner, they funded it with Disability Buy-Out insurance from Principal®. This coverage provides the funds, according to the buy-sell agreement, to help remaining owners buy out the disabled owner.

What's a buy-sell agreement?

It's a legally binding agreement that details how the departure (due to death, disability, divorce or termination) of an owner or partner will be handled.

Planning helped save the day

Several years later, one of the owners became permanently disabled and had to leave the business. Situations like these are never easy, but the owners felt comfortable knowing they had a plan. Fortunately, the buy-sell agreement and insurance provided details and funds needed to buy out the disabled owner's stock in the business. This allowed everyone to move on quicker.

Easier exit planning

We can help you take the first steps. Take advantage of our complimentary business planning services:

- Buy-sell agreement reviews
- Informal business valuations

It's a great opportunity for an independent review of what you have, especially if it's been a few years since it's been looked at. Things may have changed.



Let's connect.

Contact your financial representative.



principal.com

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JJ1596-03 | 10/2016 | © 2016 Principal Financial Services, Inc.

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