

Informal Business Valuation  
Buy-Sell Review

# Your business. Your future. Your terms.

Complimentary business planning  
services can help



# Are you ready for a smooth transition down the road?

While most business owners believe planning for the transition of their business at death is key, a transition during their lifetime is much more likely. That's why it's important to plan how your business transition will impact your retirement.

## Make sure your buy-sell agreement does what you want

A properly funded, well-drafted agreement:

- Identifies a buyer and fair price.
- Lists who will take control.
- Protects employees, customers, suppliers and creditors during your transition.

It's recommended that buy-sell agreements should include at least the top three mandatory triggers: **death, disability and retirement.**

## Know what your business is worth

An unexpected trigger event could leave you or your successors and heirs frustrated if the buy-sell agreement kicks in, and your stated company value is either more or less than its current or actual value.

## Tie it all together for a smooth transition

A buy-sell agreement that reflects your current financial results means everyone can be happy:

- Retiring or exiting owners/heirs get a fair value for their share of the business.
- Remaining owners don't over-pay or under-pay the exiting owners/heirs.
- Sellers are more likely to receive fair market value.
- You may avoid costly delays and arguments among owners.

# Complimentary services offer a great starting point



We want you to rest easy and take comfort knowing that your buy-sell agreement is designed and ready to execute the way you want. That's why we offer:

- An **informal business valuation** using five commonly used valuation methods. This valuation also satisfies the financial requirements during any life insurance underwriting process with us.
- A **review of your existing buy-sell agreement** if you have one.

The reports you'll get from these services provide a summary of any issues and recommendations. And they'll serve as a starting discussion with your tax and legal advisors. You may find that you have some unmet retirement, business succession, business protection and legacy and estate planning needs.

# Ready to begin?



## Step 1 – Gather your information

Provide your financial professional with the documents and information needed for the informal business valuation and/or buy-sell review:

- **Agreements** – If applicable, provide a copy of any current buy-sell agreement and any amendments. Include any documents you think control the transfer of your business.
- **Your entity type** – Identify your tax and legal entity type (partnership, LLC, S corporation, etc.).
- **Number of owners** – Provide a list of all individuals and entities with ownership interest (including stock options and warrants), and the percentages and nature of the business interest.
- **Financials** – Provide copies of your financial statements (balance sheets and income statements or company tax returns) from the most recent three full tax years.
- **Insurance** – Provide a complete list of all life and/or disability insurance policies associated with the buy-sell agreement.
  - The list should identify the insured, owner, beneficiary, carrier, benefit amount, contract type (term, universal life, variable universal life), cash value if applicable, duration (if a term policy), and amount of any outstanding loans.
  - Include copies of any split dollar or deferred compensation agreements associated with the policies.



## Step 2 – Get your customized reports

- **Informal Business Valuation and Business Planning Report** – We provide a complimentary informal valuation of your business that includes action items and suggested solutions to help meet your retirement, business succession, business protection and legacy and estate planning goals.
- **Buy-Sell Review** – This report includes highlights of your existing buy-sell agreement and our recommendations for your business based on industry best practices. Adequate funding of your buy-sell agreement is at the heart of its success.



## Step 3 – Meet with your financial professional

Discuss your unique planning considerations with your financial professional. Then rank your priorities and set target dates.



## Step 4 – Discuss next steps

Once you and your financial professional have a plan, confirm your objectives with your tax and legal advisors and implement any needed changes. And, if a life insurance policy from Principal is part of the plan, you can easily start the application process.



Learn more

Contact your financial professional or go to [principal.com](https://www.principal.com).



[principal.com](https://www.principal.com)

Note: Although a buy-sell review from Principal provides a valuable starting point, it does not provide you with a legal opinion as to the legal or tax implications of your agreement or to the appropriateness of any funding strategies. Principal cannot provide you with any legal documents or revise existing legal documents. The valuation will not be a substitute for a formal valuation, nor does it establish a value for estate tax purposes. The review is intended to help identify your objectives for the buy-sell agreement and any issues that must be addressed to help ensure your objectives are being met. The review should be examined by your legal and tax advisors.

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