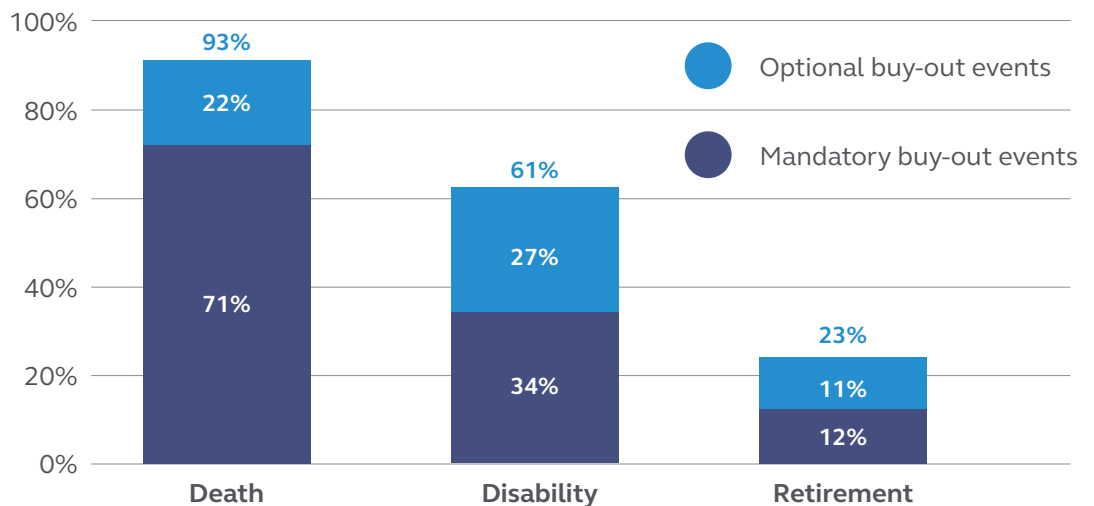


“My business is my retirement”... intent or reality?

An effective buy-sell agreement is at the root of a successful business transition plan. Best practice suggests these agreements should include at least the **top three mandatory triggers**.



Percentages of business owner agreements that cover the **top three transition events** and those that include them as **mandatory triggers**



While most business owners prefer to transfer their business during their lifetime, 93% of buy-sell agreements only account for transitioning a business at death. Disability and retirement are often overlooked. Consider addressing all three as mandatory triggering events to ensure the transition of your business is successful.

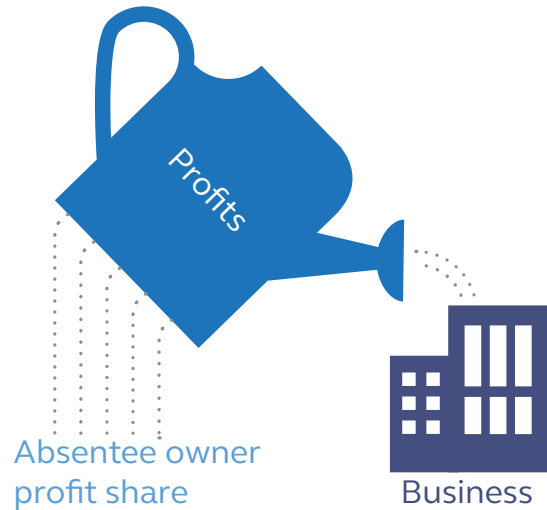
Potential consequences of poor planning

Impact to active owners

A disabled or retiring owner whose interest is not purchased becomes an “absentee owner” who may choose to no longer contribute to the success of the company. His/her continued pro rata **share of profits** can create an unnecessary **drain on company profits**.

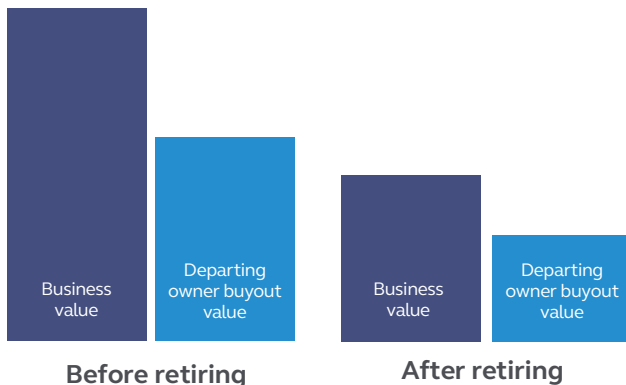


The absentee owner may still want input on **management and financial decisions**, causing **interference** with active owners.



Impact to departing owners

A retiring owner may be penalized if the value of the business drops after retirement, leaving a future buyout based on a lower company value at that time.



If the sale is left to negotiation **after the owner's exit**, it will likely result in **unfavorable terms**.



[Learn more](#)

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

Source: Review of 1,561 buy-sell agreements by Principal Financial Group®, January 1, 2014 - January 31, 2018.



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

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, IA 50392.

Insurance products issued by Principal National Life Insurance Co. (except in NY) and Principal Life Insurance Co. Plan administrative services offered by Principal Life.

Principal National and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392-0001.

Not FDIC or NCUA insured

**May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency**

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.