



Proposal

Business and key person protection

Protect your business from the loss of top talent

Presented to

Test Business

Presented by

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You can be better prepared for the unexpected



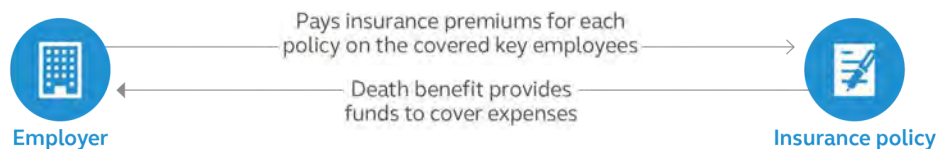
Oftentimes, the most valuable assets of any business are the key people who contribute most to its success.

Have you considered the impact the absence of your top talent would have on the business if something happens to them? Their contributions are difficult to measure, and may be more robust than you might think. It's likely that finding a replacement would be difficult and may create a financial challenge that puts the business at risk. That's why it's a good idea to consider protecting it.

One way to address this risk is Key Person Life insurance. It can be a critical component to your business protection strategy. It's designed to provide the funds necessary to recover financially from the loss of top talent. It can also provide liquidity for business succession funding or pay for key employee benefit programs.

How it works

Your business is the owner and beneficiary of a Key Person Life insurance policy for each key employee you choose to cover. If the unexpected does happen, the business receives funds, generally income tax-free¹, to help overcome the financial challenge of the loss.



Determine the right amount of coverage

Each business is different, so it's important to carefully assess your situation and different protection options. To help you get started:

- 1 | **Review** the customized scenarios on the next pages to see how much coverage may be appropriate for your situation.
- 2 | **Learn** about how much the coverage for each scenario costs.
- 3 | **Assess** the advantages and considerations of this coverage.

¹ If the requirements of the Internal Revenue Code Section 101(j) are not met, death proceeds from employer-owned life insurance contracts may be taxable as ordinary income in excess of cost basis.

Valued Key Employee, CFO

Estimated Key Person Life insurance needs

	Coverage type		
	Base-level (Scenario A)	Moderate-level (Scenario B)	High-level (Scenario C)
Key characteristics			
Number of total employees	51+ Employees	51+ Employees	51+ Employees
Number of key employees	6-10 Key employees	6-10 Key employees	6-10 Key employees
Difficulty to replace	Very difficult	Very difficult	Very difficult
Base protection			
Total compensation	\$225,000	\$225,000	\$225,000
Multiply by factor ²	x 2.5	x 3.0	x 5.5
Base protection needs	\$562,500	\$675,000	\$1,237,500
Additional coverage			
Key employee benefits	\$0	\$0	\$0
Total other needs	\$0	\$0	\$0
Range of coverage	\$562,500	\$675,000	\$1,237,500

This business protection proposal is intended to provide a range of coverage for your consideration based on several factors. The policy owner and financial professional understand that amounts applied for are subject to underwriting approval.

Key Person Life insurance coverage type

Base-level (1 - 5 times salary) provides proposed coverage based on a projected base-level multiple of salary.

Moderate-level (2 - 7.5 times salary) provides proposed coverage based on a projected moderate-level multiple of salary.

High-level (3 - 10 times salary) provides proposed coverage based on a projected high-level multiple of salary.

² This factor is determined by the size of the organization, number of key employees, and level of difficulty to replace.

Key person term life insurance coverage



The affordable, limited duration of term insurance may be a great fit to protect your business. And Principal® offers multiple coverage durations to meet your specific needs.

Outlined below are the projected premium amounts for the three coverage scenarios shown on the previous page, using our 10-, 15-, 20- and 30-year term products.

Key person term insurance coverage for:

Valued Key Employee, Age 38³, Male, Super Preferred, Non-Tobacco

Scenario	Death benefit	Annual premium			
		10-year	15-year	20-year	30-year
A: Base-level	\$562,500	\$206	\$237	\$327	\$580
B: Moderate-level	\$675,000	\$232	\$269	\$377	\$681
C: High-level	\$1,237,500	\$345	\$425	\$611	\$1,148

Rates provided are an estimate and are not guaranteed; state variations and restrictions may apply that are not represented here.

Our base conversion feature is included with the Term product options displayed in the above table. The Conversion Extension Rider has not been included. If a longer conversion period is desired, Term products can be quoted to include the Conversion Extension Rider.

Employee retention strategy — If keeping your key employees is a concern, consider a retention bonus plan that allows you flexibility as well as funding to protect your most valued employees under multiple scenarios.

³ Principal product quotations utilize an insured's age nearest birthday.



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