



Key Person Replacement and Disability Buy-Out Insurance

Two Solutions to Address Your Business Continuation Needs

When business owners consider who their key people are, they often think of a top salesperson or the person in charge of financials. But, don't forget that, as an owner, you are also critical to the future of your business. If you or one of your co-owners became too sick or hurt to work, the remaining owner(s) would be left with **two big challenges**:

- 1 Keeping the business afloat without a resource that is key to the business' success
- 2 Executing the business succession plan and transferring the disabled owner's business interest

Easing the transition

Principal Life Insurance Company has two solutions that work together to help ease the transition of the business after the loss of an owner due to a disability.

Key Person Replacement insurance¹ provides a benefit to the business if a key person (or in this case, you, the owner) becomes totally disabled. Benefits can be used at the remaining owners' discretion. Common uses include: covering recruitment costs, temporary staffing needs and revenue replacement.

Disability Buy-Out insurance reimburses the purchase of a totally disabled owner's interest under a buy-sell agreement. This policy allows remaining owners to continue the business without interruptions.

Value-added services from The Principal[®]

The Principal Financial Group[®] offers **complimentary services** to help you with business continuation decisions. Talk to your local representative to get started.

- An **informal business valuation** helps you gauge the value of your business.
- A **buy-sell review** evaluates your existing buy-sell agreement and provides recommendations.

Example of how the solutions complement each other

The following example shows how the two products work together to create a stream of benefits to help keep the business solvent as remaining owners make important decisions about transitioning it. Key Person Replacement insurance offers shorter elimination periods than Disability Buy-Out insurance, so benefits are available sooner.



SAMPLE MONTHLY PREMIUMS

	Male	Female
Key Person Replacement	\$220.85	\$395.68
Disability Buy-Out	\$503.13	\$689.50

Assumptions: Owner — 5A occupation class, \$250,000 annual income, nonsmoker, Colorado resident, age 40. Key Person Replacement — HH772 policy, 90-day Elimination Period, \$20,000 monthly benefit, \$440,000 lump sum benefit. Disability Buy-Out — HH703 policy, 365-day Elimination Period, \$1,000,000 lump sum benefit.

FOR MORE INFORMATION

Contact your local representative.

¹ To be eligible for Key Person Replacement insurance, the business must be in operation for at least one year for fee-for-service businesses and three years for others, and business owners cannot own more than 50% of the business. Solution is not available in all states.



WE'LL GIVE YOU AN EDGE®

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Disability insurance has certain limitations and exclusions. For costs and complete details of coverage, contact your Principal Life representative.