Protect your business
The Ameriprise Financial Confident Retirement approach breaks retirement planning down into doable steps to take the uncertainty out of facing your future. Your financial advisor can offer practical advice and solutions to cover your essential expenses, ensure your lifestyle, prepare for the unexpected and leave a legacy.

Ensuring that your current financial plan has the protection you need, can help you achieve a more confident retirement. Life insurance can help you achieve your business and personal financial goals.
Secure what you care most about

1. Integrating your personal and business financial planning
2. Understanding your goals
3. Discussing your priorities and timelines
4. Determining whether your current plan provides the protection you need
5. Agreeing on next steps
Integrate solutions for business and personal financial needs

Personal and business needs intersect

Your business is a key component of your overall financial picture. That’s why it’s important to determine whether you have:

- Ways to use your business to reach your personal goals
- A plan that provides you the right kind of protection for this significant asset and your family

Let’s look at how your personal and business finances and goals can work together.
The financial planning process

The following is the six-step financial planning process as defined by the Certified Financial Planner Board of Standards, Inc.

Step 1: Identify/prioritize objectives
Step 2: Gather information
Step 3: Analyze information
Step 4: Propose recommendations
Step 5: Take action
Step 6: Track ongoing progress

Financial planning services are provided through Ameriprise Financial Services, Inc. and are optional, offered separately and priced according to your needs, goals and complexity.
Focus on protection planning

Four key planning areas

**Key person protection**
Would your business suffer if you lost an owner or key employee through retirement, disability or death?

**Business continuation**
Do you have a plan to effectively transfer your business when it’s time for you to move on?

**Executive benefits**
Do you want to provide additional insurance or retirement benefits to the business owners or key employees?

**Estate planning strategies**
Have you considered what you want to happen to your business and your personal financial assets upon your death?
Identify your goals

**Key person protection**
- Protect the business from losses
- Protect the value of the business
- Recruit and train a replacement
- Provide funding for business expenses in the event of a disability
- Pay off debt
- Strengthen the assets of the company

**Business continuation**
- Establish a plan to transfer an interest in the business
- Determine the value of the business for planning purposes
- Create funding to facilitate the transfer of the business
- Receive a fair market price for the business at transition
- Preserve your equity in the business
- Provide a cash flow for the business in the event of the owner’s sickness or injury

**Executive benefits**
- Use corporate assets to help pay for your survivor protection needs
- Supplement retirement benefits, life insurance and disability insurance for selected employees
- Attract and retain talent
- Develop a tax-wise retirement plan

**Estate planning strategies**
- Provide continued family income from the business
- Ensure sufficient cash to pay business debt and/or taxes
- Treat family members fairly, in light of future business ownership
- Make charitable gifts
### Purpose:
- Help protect the business against the economic consequences the loss of a key person may cause such as the:
  - loss of management skill and experience
  - disruption in sales or production
  - decreased credit availability
  - cost of hiring and training a replacement

### How it works:
- The business:
  - purchases insurance policies on each key employee
  - pays the premiums on the policies
  - acts as the owner and beneficiary of the policies

### How to determine need and next steps:
- Contribution earnings method
- Cost replace experience method
- Multiple of salary
- Loss of value to the business
- Capitalization of excess earnings
- Cost to replace sales profit
# Business continuation

## Establishing a buy-sell agreement

<table>
<thead>
<tr>
<th>Purpose:</th>
</tr>
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<tbody>
<tr>
<td>• Creates a legally binding contract for the future sale of a business</td>
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<table>
<thead>
<tr>
<th>How it works:</th>
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<tbody>
<tr>
<td>• Terms of the agreement outline the conditions of sale in the event of a triggering event or events, such as death, long-term disability, retirement or divorce</td>
</tr>
<tr>
<td>• Contract binds and provides security for both the buyer and the seller</td>
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<tr>
<td>• Parties establish a purchase price (or formula for determining the price)</td>
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<tr>
<td>• Agreement can fix the value of the stock for calculating federal, state and death taxes*</td>
</tr>
<tr>
<td>• Agreement provides a pre-established funding source such as life, disability, and/or buy-sell insurance, a sinking fund, or an installment sale</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>How to determine need and next steps:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Select a buyer/successor</td>
</tr>
<tr>
<td>• Consult an attorney to establish the agreement</td>
</tr>
<tr>
<td>• Conduct a business valuation</td>
</tr>
<tr>
<td>• Fund the agreement</td>
</tr>
</tbody>
</table>

* If the agreement is among family members, it may not fix the value for tax purposes.
## Executive benefits

<table>
<thead>
<tr>
<th>Purpose:</th>
<th>• Provide enhanced benefits to top employees/executives and, potentially, business owners</th>
</tr>
</thead>
</table>
| How it works: | • Can provide additional life and/or disability insurance for executives  
• Can supplement qualified plans or other tax-deferral programs through the use of cash value life insurance and/or other types of financial products and investments  
• May contain restrictions that provide incentives to an employee to remain with the company |
| How to determine need and next steps: | • Determine who will receive the benefits  
• Decide which benefits to offer  
• Consult attorney or tax professional to draft necessary documents  
• Fund the benefit |
For most business owners, the business itself is a very large portion of their estate. This creates several significant planning challenges such as:

- How your survivors will meet their needs
- How to treat heirs fairly
- What liquid assets will be available to meet the expenses of taxes and estate administration

Life insurance provides solutions to key challenges:

- Creates liquidity to address estate settlement expenses
- Can be used to help ensure fair treatment of heirs
- Helps survivors meet outstanding business debts and/or taxes, providing income and capital during an uncertain period
As we discuss the goals for your business, it is important to understand how the timeline for each individual’s goals can vary.

**Business planning timeline**

- **Key person**: Often an initial business planning objective. Implementation may be less complex than other strategies.
- **Business continuation**: Typically a longer term strategy. Implementation can range from simple to complex depending on timeframe and goals.
- **Executive benefits**
- **Estate planning strategies**
Life insurance solutions

Select quality life insurance solutions to help meet your financial protection goals:

- Key person protection
- Business continuation
- Executive benefits
- Estate planning strategies

Emphasis on death benefit/no cash value

**Short-term protection**
- Protection for a specific period of time
- Accommodates a constrained budget
- Option to convert to permanent policy

OR

**Long-term protection**
- Lifetime protection
- Guaranteed lifetime death benefit
- Guaranteed premium

CONSIDER

Term life insurance

Death benefit universal life insurance

Greater growth potential

**Greater growth potential**
- Equity return potential
- Broad array of subaccounts
- Automatic asset rebalancing
- Tax-deferred accumulation
- Supplemental income

Growth potential with downside protection

**OR**

- Indexed based interest rate crediting
- Reduced volatility
- Guaranteed floor protection from negative market movements
- Cap on the interest rate crediting
- Tax-deferred accumulation
- Supplemental income

Greater stability and lower risk

**OR**

- Guaranteed minimum interest rate
- Stable cash value growth potential
- Reduced volatility
- Tax-deferred accumulation
- Supplemental income

Deat benefit with cash value accumulation goals

**OR**

**Greater stability and lower risk**

**OR**

**Greater growth potential**

**OR**

Variable universal life insurance

Indexed universal life insurance

Cash value universal life insurance

All guarantees are based on the continued claims-paying ability of the issuing company and on variable insurance do not apply to the performance of the variable subaccounts, which will vary with market conditions.
Next steps

**Gather information**

- Financial statements
- Employee benefits
- Life and disability income insurance policies
- Income-tax returns for two years
- Estate planning documents (wills, trusts, buy-sell agreements)

**Analyze information**

- Analyze coverage amounts needed
- Determine eligibility limits

**Propose recommendations**

- Propose solutions
- Show illustrations

**Take action**

- Meet with attorney and tax adviser, if necessary
- Implement recommendations
- Apply for appropriate insurance and begin underwriting process
Working together to help protect what’s important

We believe a balanced approach to protecting what’s important to you while investing toward your goals is the best way to help secure the financial future of your business.

That’s why we offer growth, income and protection solutions designed to help provide a lifetime of financial opportunity and security for both you and your business.
This information is being provided only as a general source of information and is not intended to offer you financial planning advice. Before you make any changes to your investments, please consult your tax/legal adviser regarding your individual tax and estate planning circumstances and objectives.

Before you purchase, be sure to ask your financial advisor about the life insurance policy’s features, benefits, risks and fees, and whether the life insurance is appropriate for you, based upon your financial situation and objectives. Variable life insurance is a complex investment vehicle that is subject to market risk, including the potential loss of principal invested.

The IRS requires an employer to provide notice and obtain consent when considering the purchase of a life insurance policy insuring an employee when the employer is named as a direct or indirect beneficiary of the policy (IRC Section 101(j)). Failure to obtain such notice and consent could result in the loss of the income-tax-free death benefit on amounts exceeding the investment in the contract. Talk to your tax adviser regarding the implications of these requirements prior to obtaining life insurance on any employee.

The Confident Retirement approach is not a guarantee of future financial results.

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