Principal®

Informal business valuation and buy-sell review

Five important questions about your business-continuation plan

A buy-sell agreement helps lay the groundwork to make sure your business continues as planned if you or another owner can no longer maintain ownership. And as your business evolves and grows, it's important that the agreement continues to align with its vision.

Ask yourself 5 questions:

1. **Does the agreement protect you and your business during both planned and unplanned events, such as disability, death, desire to retire, divorce, and disagreement?** Having a plan in place helps you and others better prepare for the future.
2. **Does the agreement specify a mandatory buy-out if an owner becomes disabled or dies?** Keep in mind that if it doesn't, there may not be a buyer for his or her shares.
3. **Is the agreement properly funded with both life and Disability Buy-Out (DBO) insurance?**
   - Make sure the provisions in the agreement and insurance policy terms are consistent.
   - Confirm you have enough coverage in place.
   - List the Disability Buy-Out and life insurance policies within the agreement to quickly identify them when needed.
4. **Do you know the value of your business?** It's helpful to know if it reflects the fair market value.
5. **What purchase price is listed in the agreement?** It's important that the purchase price aligns with your business's current value.

Not sure how to answer some of these questions?

Talk to your advisor about a **complimentary buy-sell review and/or informal business valuation** from Principal®.

Let's connect | Contact your local representative.

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