

Will the right funding be there when you need it?

An effective buy-sell agreement should allow you to have the right amount of money in the right place at the right time. A properly funded, well-drafted agreement that reflects your goals and objectives can protect you during both planned and unplanned events including retirement, death, disability, divorce or termination.

Funding your buy-sell agreement



Funding and payment terms:

Are timing and liquidity needs in sync?



Adequacy:

Is there any funding? If yes, is there enough?

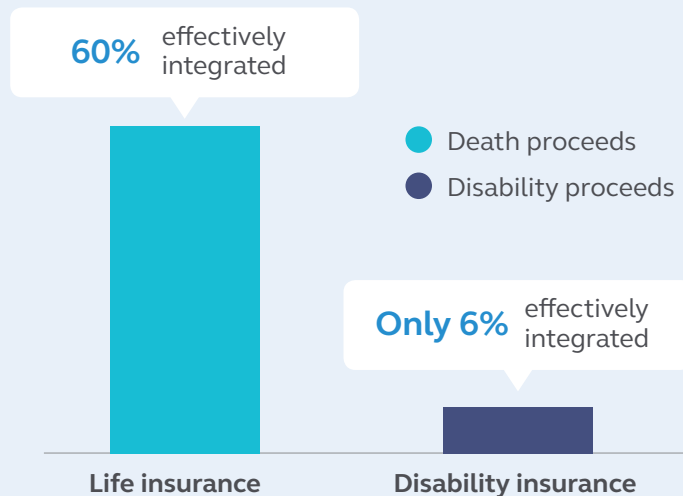


Ownership of funding sources:

Does the funding source provide payment to the right person or entity? And, is it consistent with the buy-sell agreement?

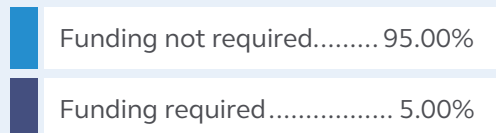
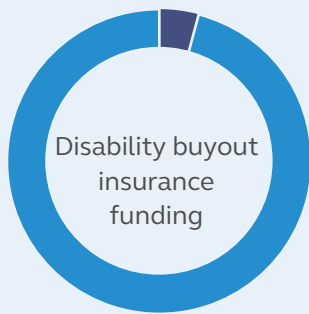
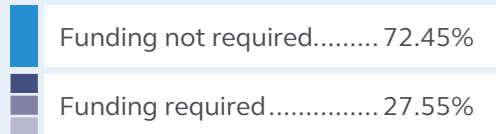
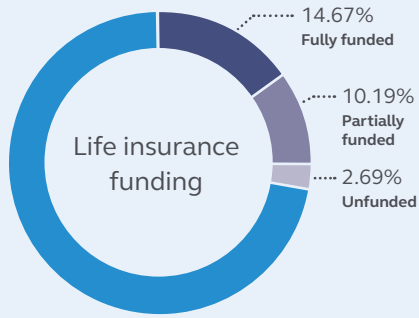
Do your agreement payment terms match your funding source?

If your agreement requires a lump sum buyout, you will need to choose a funding source that provides a lump sum payment option.



Business owners integrate insurance significantly more often for a death-triggered buyout than those triggered by disability.

Funding reality



Where will the money come from and who will receive it??

Cash



Requires sufficient cash flow to pay the full price in a lump sum

Loan



Involves unknown factors such as future credit availability and cost of borrowing; must repay borrowed funds (with interest) from earnings; a down payment is generally required

Savings



Does not assure that sufficient funds will be available when needed because of unpredictable departure timing

Installment sale



Requires repayment from earnings and is contingent on future success of business

Insurance



Purchased upon implementation of agreement and provides liquidity when needed even for the unpredictable nature of both death and disability

[Learn more](#) | Contact your financial professional or go to principal.com.

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



principal.com

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, Iowa 50392-0001

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 National (except in NY) and Principal Life are issuing insurance companies of the Principal Financial Group®, Des Moines, IA 50392.