



# Protecting your business investment

## Insure against the unexpected loss of a key employee

### Strategy for business owners

#### CASE STUDY



#### Meet Vince and Mark

Vince owns a large construction company. Mark is his employee, a well-respected civil engineer and general sales manager.

In 2008, Vince hired Mark to take his commercial construction company to the next level. Since then, Mark has continued to generate considerable sales for Vince's company. Since Mark is vital to the company's success, his loss to a competitor or unexpected death would expose Vince's business to financial risk.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

You carry insurance coverage to protect your business from the loss of buildings and equipment, but what about your most valuable asset — your key employees?

A key employee may be a partner, a top executive, or an important member of your organization with unique talents, experience or skills. These individuals are crucial to the prosperity of your business. A key employee's death may create a significant financial risk. It could lead to business disruption, loss of profits, and the financial burden of recruiting and training a suitable replacement.

Help protect against this risk with key person insurance. It's the financial protection you need to help maintain business continuity and solvency in the event of a key employee's death. Often financial institutions and investors require that companies carry this coverage to protect their business loans and investments.

#### Vince's challenge

He wants to protect his business from the financial impact of the loss of his key employee, Mark.

#### The business protection strategy

Vince's advisor recommends key person insurance. If Mark should die or leave the company, the death benefit proceeds may be used to:



Replace lost revenue



Provide liquidity to recruit and train Mark's successor



Maintain business continuity for Vince's clients, creditors and employees

#### Protection and financial flexibility for Vince's business

Vince's business purchases an indexed universal life (IUL) policy, with Mark as the insured. The business is the owner, premium payer and beneficiary of the life insurance policy. In the event of Mark's loss, the business can use the death benefit proceeds to help sustain its operations.<sup>1</sup>

With an IUL policy, Vince can feel confident about having a guaranteed protection solution to provide financial security for his business. With the additional cash value growth opportunity, Vince also has a solution that gives his business future financial flexibility to address other financial needs.

Hypothetical example assumes a male, age 45, preferred nontobacco, \$1,000,000 level death benefit in a protection indexed universal life insurance policy, \$6,328 annual premium paid in all years. Assumed rate 6%. State of North Carolina. Assuming 1% and current charges, policy lapses at age 86.

#### The outcome

The business will pay \$6,328 annual premiums in all years:  
**\$126,560 total premium** through age 65

Key person protection:  
**\$1 million death benefit**

Cash value at age 65:  
**\$107,009**

## Why choose Lincoln indexed universal life insurance?

- Financial protection for your business backed by the strength of Lincoln
- Tax-deferred cash value growth potential linked to S&P 500 Index performance<sup>1</sup>
- Financial flexibility at retirement or termination of employment with the option to:
  - Keep or surrender the policy
  - Transfer the policy to the insured employee
  - Use policy values to address future business financial needs<sup>2</sup>

<sup>1</sup> Excluding dividends.

<sup>2</sup> Loans and withdrawals will reduce the policy's cash value and death benefit, may cause the policy to lapse, and may have tax implications. If amounts are withdrawn from the indexed accounts prior to the end of the term, any interest earned for that term will be forfeited.

## Help strengthen and protect your business

Talk with your advisor about planning strategies to help you succeed.

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