

PREPARING FOR THE FUTURE: A BUSINESS OWNER'S CHECKLIST

BUSINESS STRUCTURE - BUY-SELL AGREEMENT

1. If your business has more than one owner, do you have a buy-sell agreement in place? Yes No
2. Have you kept your buy-sell agreement current by taking into account for any changes in the ownership structure?
 Yes No
3. Are you using the appropriate structure for your buy-sell agreement (cross purchase or redemption)? Yes No
4. Is your buy-sell agreement currently funded with life insurance? Yes No
5. If no, why not? _____
6. Do you currently have the correct amount of life insurance to fully fund the agreement? Yes No

DEFERRED COMPENSATION PLANS FOR OWNERS AND KEY EMPLOYEES

7. Do you have the appropriate compensation plans in place to reward owner-employees? Yes No
8. Would the loss of a specific key employee adversely affect the profits of your business? Yes No
9. Do you have the right compensation plans in place to motivate, reward and retain key employees? Yes No
10. Have you considered using life insurance as all or a part of your funding strategy for your key employee program?
 Yes No

QUALIFIED RETIREMENT PLANS

11. Do you currently sponsor a tax qualified retirement plan for you and your employees? Yes No
12. If yes, what type of plan do you have? (profit sharing, 401(k), pension plan) _____
13. If no, why not? _____
14. Have you recently considered the various types of plans available and the benefits these plans can provide?
 Yes No
15. Would you be interested in obtaining a free analysis of the retirement plans that are available to your business?
 Yes No

EMPLOYEE LIFE INSURANCE PLAN

16. How many full-time employees do you have? _____
17. Do you offer your employees a group life insurance program? Yes No
18. Would you consider a group life insurance program for your employees that would be provided at little or no cost to the company? Yes No
19. Would you consider a life insurance program for your employees that would either be partially or fully funded by the company?
 Yes No

FOR THE BUSINESS OWNERS

20. Do you have a will? Yes No
21. Do you have an estate plan for disposition of your assets? Yes No
22. Will your family have a stream of income after your death? Yes No
23. Has your family met your advisors? Yes No
24. American National has an Estate Planning Checklist which can help you organize and prioritize your estate and identifies any necessary planning. Can I help you complete that form? Yes No

Neither American National nor its representatives gives legal, tax or accounting advice. If you need such advice, consult your attorney, accountant or personal tax advisor.

Business Structure – Buy-Sell Agreement

- Question 1 - A buy-sell agreement is a written and signed binding contract between the owners of a business which dictates what happens to the business when one of the owners dies or becomes disabled. Usually the deceased or disabled owner's interest is purchase by the other owners or by the business.
- Question 2 - Business ownership can change over time. For example, one of the owners may die and be replaced or new owners are added. It is important for a business to keep its buy-sell agreement current.
- Question 3 - There are two basic types of buy-sell agreements. The cross purchase agreement and the redemption agreement. The cross purchase method is usually used when there are no more than three or more owners. The redemption version may be used when there are two or more owners.
- Question 4 - It is important to have cash available to fund the buy-sell agreement at an owner's death or disability. Life insurance is the most commonly used source of the cash to fund a buy-sell.
- Question 5 - There are some businesses (very few) that use other sources to fund a buy-sell. Sometimes cash in the company or family money may fund the buy-sell agreement.
- Question 6 - The value of a business typically increases over time. Buy-sells funded in the past based upon business values at the time may now be underfunded. You should review your buy-sell every three years to update the value of the business to make sure your agreement is sufficiently funded.

Deferred Compensation For Owners and Key Employees

- Question 7 - For most business owners their business is their life's work. Through a deferred compensation plan, money can be set aside to protect the owner's future and that of their family. Life insurance and annuities are often used to fund these programs.
- Question 8 - Many companies financial and other success depends upon the performance of one or more key employees. The loss of a key employee through death, disability or departure could impact the immediate and future financial success of the company. Life insurance upon the life of a key employee can protect the business from a financial loss should that employee die.
- Question 9 - Many business owners believe that rewarding and retaining key employees is critical to the future success of their businesses. Life insurance and annuities are often used as cost effective tools to reward and retain important employees.
- Question 10 - Both term life insurance and permanent products can enhance a company's ability to hire, retain and motivate employees.

Qualified Retirement Plans

- Question 11 - Many employers sponsor one or more retirement plans for their employees. Employees typically highly value a retirement plan to secure their future. These plans are very effective employee retention tools. A retirement plan can also provide substantial tax deductions to the company.
- Question 12 - The various types of plans an employer might have includes 401(k), profit sharing, and pension plans. If the client is unsure what they currently have, American National's Pension Team can review the plan the client currently has in place. For assistance agents please contact the Pension Team at 888-909-6504 Option 1.
- Question 13 - No additional information is necessary.
- Question 14 - Employer financial circumstances typically improve over time often making a retirement plan more desirable option.
- Question 15 - American National's Pension Team will prepare a free analysis of the plans that are available to you. Agents please contact the Pension Team at 888-909-6504 Option1 to start this brief process.

Employee Life Insurance Plan

- Question 16 - A fulltime employee is a person who works or expected to work 2000 hours per calendar year. Some employees may be excluded under certain circumstances.
- Question 17 - A group life insurance program for employees can be a very positive employee retention tool. This form of group life insurance which has lower underwriting requirements is very competitively priced.
- Question 18 - No additional information is necessary.
- Question 19 - No additional information is necessary.

For The Business Owners

- Question 20 - Every adult should have a current will. A will disposes of a deceased person's property to the beneficiaries in an orderly and usually a low-cost manner. A will should be updated every few years.
- Question 21 - An estate plan can be used in conjunction with a will and other estate planning tools to transfer your assets to the intended beneficiaries. Effective estate planning can minimize taxes, legal fees and other problems.
- Question 22 - When the "bread winner" dies a family can be financially devastated. By using life insurance and annuities a family's future can be protected, should you die.
- Question 23 - Many business owners have an advisory team that often includes a lawyer, CPA, financial planner, a banker and others. At least some family members should meet these specialists and understand what they do for you and what they can do once you are deceased.
- Question 24 - American National has an Estate Planning Checklist to help business owners to organize their estates. It takes no more than 15 minutes to complete the checklist. Upon completion the business owner will have a fairly complete analysis of their estate including any necessary steps that need to be considered when completing their estate plan. Can I now help you complete the Estate Planning Checklist?