

# Recover from the unexpected loss of top talent.

The most valuable assets of a business are often the key people who contribute most to its success. They generate revenue, handle major responsibilities, and have a unique wealth of knowledge that seems irreplaceable.

Have you considered the amount of time and money it would take to replace your top talent? If their loss would create a financial burden that puts the business at risk, key person insurance from Principal® can be a simple and efficient solution by providing funds that can be used to help:

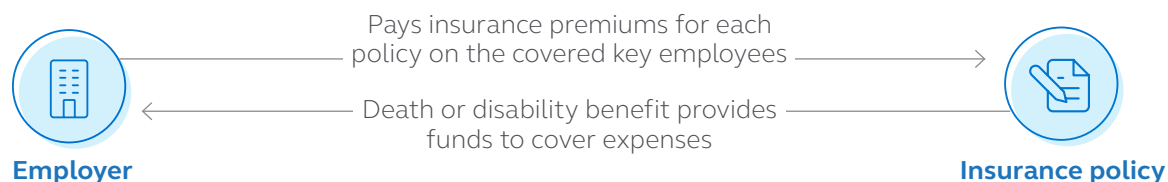
- Offset the cost of finding a replacement and the loss of revenue during training.
- Cover temporary staffing costs.
- Demonstrate financial stability to creditors and clients.

## Here's how it works.

Principal offers two solutions to help protect your business if the unexpected happens—life and disability key person insurance.<sup>(1)</sup> Your business is the owner and beneficiary of a life insurance and/or disability insurance policy, and your chosen key employees are the insureds. If one of the covered employees dies or becomes disabled, the business receives funds, generally income-tax free, to help overcome the financial challenges of the loss.

**Key person life insurance**, available as a term or permanent (cash value) life insurance policy, provides a death benefit to help the business overcome financial challenges at the death of the key employee.

**Key Person Replacement insurance** provides funds to help the business overcome the financial challenge of the loss of a key employee if they become too sick or hurt to work.



## Benefits

**Ready access to funds.** Insurance benefits help offset the cost of finding a replacement and the loss of revenue.

**Permanent life insurance offers cash value potential.** Accumulated cash values are an asset on your balance sheet and can be used for other business expenses, such as a key employee benefit program.

**Cost efficiency.** Policies can provide attractive death benefit amounts relative to premium paid.

**Personal insurance is available.** The business policy does not limit the personal protection available from Principal to your employees.

## Considerations

**What's right for you.** There are several insurance funding and design options. Carefully decide what's best for your unique situation.

**Key employees must qualify.** Those employees you wish to cover must be healthy enough to qualify for life insurance and/or disability insurance.

**Possible impact on value of business.** If any business owners anticipate being subject to the estate tax, the owners might need to carefully consider how to structure the life insurance funding.<sup>(2)</sup>

**Impact on your business assets.** It's important to understand how key person life insurance will affect your capital and liquidity.

**Key person insurance** helps to give you added protection and confidence that your business will have the funds necessary to recover from the loss of top talent.

 [Learn more](#)

Contact your financial professional today.

<sup>(1)</sup> Availability varies by state.

<sup>(2)</sup> The United States (US) Supreme Court in *Connelly v. US* (2024) held that if a buy-sell agreement does not successfully lock-in a value for estate tax purposes, life insurance paid to a company generally increases the value of the company for estate tax purposes, with no offset for the redemption obligation. If any business owners anticipate being subject to the estate tax, the owners might need to carefully consider how to structure the key person life insurance funding. Alternatively, additional life insurance (likely owned in an irrevocable trust) may be needed to provide liquidity to pay any estate tax that may be due.

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Principal National Life Insurance Company and Principal Life Insurance Company®, Des Moines, Iowa 50392.

Disability insurance has limitations and exclusions. For cost and coverage details, contact your Principal Life representative. Oregon policy HH772 OR.

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