What keeps you up at night?
A seminar for business owners

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Financial Advisor
9:57 P.M.

Can I retire in 10 years? Can this business fund my retirement? What if my partner dies? Do I want to do business with his son? Now I’ve personally guaranteed a loan for this business. I could lose everything. If I get hurt and can’t work, what happens to this business? To my family? Can I retire in 10 years? Can this business fund my retirement? What if my partner dies? Do I really want to do business with his son? Now I’ve personally guaranteed a loan for this business. I could lose everything.
Expanding the business makes sense. Can I get the credit I need? This business is a key part of my life and my family’s life. How do I make sure my family gets to enjoy the value of all my hard work? Why are there so many questions? Where are the answers?
I can’t keep doing it all myself. How do I attract the best and brightest to help me grow this business? My biggest competitor provides top notch benefits. Do I need to provide better benefits? I can’t believe I missed another school event working late. The kids are so disappointed, and so am I.
Purpose

Get acquainted with other business owners

Address some of the key financial issues keeping you up at night
Takeaways for You

• Identify and prioritize goals and concerns
• Understand business planning strategies
I want your feedback, too…

Let’s begin…
What keeps Business Owners up at night?

Respondents very concerned or somewhat concerned:

- Cost of health insurance & benefits 93%
- Finding and keeping employees 90%
- Having enough money to retire 86%
- Safety and security of business 84%
- Having a business succession plan 76%
- Finding business advisors to trust 64%
What keeps you up at night?

Complete the “Objectives and Priorities” checklist

Use a rating scale of 1-10 with 10 being the most important
Objectives and Priorities
Scale 1 – 10 (10 being very important)

- The death or disability of a key employee
- Cash flow if the event of a disability
- Business continuation planning
- Recruit, retain and reward key employees
- Executive benefits for select employees
- Employee benefit programs
- Long-term care needs for you and your employees
- Funding personal financial goals (retirement, college, etc.)
- Investment strategy for retirement plans
- Asset preservation for the next generation
- Credit for business expansion
- Protect personally guaranteed corporate loans
How did you match up to other Business Owners?

- It’s all about managing assets and liabilities
- Employees are assets = human capital
- Employee benefits = attract and retain talent pool
Four Critical Asset Classes

1. The physical assets of the business
   - Buildings, machinery, cars, trucks

2. The employees

3. The business itself
   - Reputation, goodwill, client relationships

4. The business owner
   - As a key person and owner
Four Key Financial Areas

1. Risk Management
2. Employee Benefits
3. Business Succession
4. Personal Needs
Risk Management

• Physical Assets
  – Property and casualty coverage
  – Liability coverage

• People Assets
  – Non-compete clauses
  – Loss of employee due to death or disability
  – Loss of key revenue generator due to death or disability (keeping the lights on)
Risk Management – The Facts

80% of businesses own property/casualty, almost all of which is business liability

58% of businesses carry individual business life insurance on a key employee

49% of businesses carry disability coverage on a key employee

47% of businesses have disability overhead coverage

LIMRA: Small Business Owners, 2009
Risk Management – Key Questions

• Is your liability insurance current?
• Have you protected your ability to generate income?
• How will business expenses be paid if you become disabled?
• What if a key employee died or became disabled?
Employee Benefits*

- “Qualified Benefits” for all full-time employees
- “Non-Qualified Benefits” for select employees
Why Offer Employee Benefits*?

• The right thing to do
• Attract and retain employees
• Owners need coverage, too
• Remain competitive
• Employees expect them
Employee Benefits* - The Facts

- Nearly 80% of job seekers rate as very important when considering new job opportunities

- 70% of businesses offer some type of group benefit
  - Health (86%)
  - Dental (62%)
  - Drug (80%)
  - Group Life (61%)
  - Retirement (50%)
  - Group Disability (47%)

- 46% of businesses offer some executive benefits beyond group benefits
## Employee Benefits*

<table>
<thead>
<tr>
<th>Average Per Firm Spending:</th>
<th>1 to 4 EEs</th>
<th>5 to 19 EEs</th>
<th>20 to 99 EEs</th>
<th>100 to 499 EEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health insurance</td>
<td>$2,490</td>
<td>$14,680</td>
<td>$92,480</td>
<td>$325,980</td>
</tr>
<tr>
<td>Pension plans</td>
<td>2,070</td>
<td>3,920</td>
<td>35,580</td>
<td>78,900</td>
</tr>
<tr>
<td>Education/training</td>
<td>530</td>
<td>1,890</td>
<td>7,130</td>
<td>27,470</td>
</tr>
<tr>
<td>Life/disability insurance</td>
<td>490</td>
<td>1,500</td>
<td>7,181</td>
<td>15,920</td>
</tr>
<tr>
<td>Dental insurance</td>
<td>30</td>
<td>480</td>
<td>3,450</td>
<td>18,080</td>
</tr>
</tbody>
</table>

Employee Benefits*

- 8.2% of overall spending
- +3.8% growth vs. 2004

Average per firm spending
- 1-4: $7,100
- 5-19: $21,800
- 20-99: $142,700
- 100-499: $474,500

Includes: health, dental, life insurance, disability insurance, pension plans, education or training
Employee Benefits* – Key Questions

• Are you distinguishing yourself from the competition?
• Are you benefiting from your employee benefits?
• Do you want/need to attract, retain or reward key employees?
Succession Planning

- **Business successor options:**
  - Family/children
  - Other owners or employees
  - Third party
  - Liquidate

- **Business transfer triggers:**
  - Death
  - Disability
  - Retirement
Succession Planning

• Biggest source of conflict in a family business centers around issue of succession.
  – Reluctance of founder to turn over reins to younger generation.
  – Children in business disagreeing with each other over business decisions.
  – Children not adequately prepared to take over the business.

• Despite this, children as successors is the norm.
Succession Planning – The Facts

24% of businesses have a professional valuation

35% of businesses have a formal succession plan

31% of family businesses have a written succession plan

LIMRA: Small Business Owners, 2009
Succession Planning – Key Questions

• When do you want to exit the business?
• Who will be your successor?
• What is the value of the business?
• How will you get your value from the business?
• How will your successor pay you?
Personal Financial Needs

• Difficult to separate financial goals of the business from personal financial goals

• Business can help to fund personal planning of the owner
Personal Financial Needs – The Facts

- Typical Business Owners:
  - 49 years of age
  - 77% are married
  - Work on average 55 hours each week
  - Want value, not necessarily lowest price
  - Business equals 44% of net worth
  - 49% are family owned

LIMRA: Small Business Owners, 2009
Personal Financial Needs – Key Questions

• What would happen to your income if you could not work? How would the business pay you?

• What role does the business play in your retirement planning?

• Do you have the flexibility to grow your business, while also providing for your family?
An Integrated Approach for You and Your Business

- Estate needs
- Trust services
- Liquidity planning
- Exit strategies
- Retirement income
- Education funding
- Asset and income protection
- Investment services

- Group employee benefits
- Retirement solutions
- Benefits for select employees
- Employer-sponsored benefits
- Liability coverage
- Protect business from loss of owners or key employees

The products and services referenced are offered and sold only through appropriately appointed and licensed representatives.
Four Stages of Business Development

1. Startup
2. Growth
3. Maturity
4. Transfer
## Startup Phase

<table>
<thead>
<tr>
<th>Risk Management</th>
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<tbody>
<tr>
<td>• Protect against business liability</td>
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<tr>
<td>• Protect business from loss of owners or key employees</td>
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<table>
<thead>
<tr>
<th>Employee Benefits</th>
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<tbody>
<tr>
<td>• Group medical</td>
<td></td>
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<td>• Group life</td>
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<td>• Group disability</td>
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<table>
<thead>
<tr>
<th>Business Succession</th>
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<table>
<thead>
<tr>
<th>Personal Planning</th>
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</thead>
<tbody>
<tr>
<td>• Protect income</td>
<td></td>
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<tr>
<td>• Protect family</td>
<td></td>
</tr>
<tr>
<td>• Retirement</td>
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# Growth Phase

<table>
<thead>
<tr>
<th>Risk Management</th>
<th>Employee Benefits</th>
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<tbody>
<tr>
<td>• Expanded protection against loss</td>
<td>• Group benefits (disability, life, dental, vision, etc)</td>
</tr>
<tr>
<td></td>
<td>• Basic retirement</td>
</tr>
<tr>
<td></td>
<td>• Selective retirement and benefit programs</td>
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<table>
<thead>
<tr>
<th>Business Succession</th>
<th>Personal Planning</th>
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</thead>
<tbody>
<tr>
<td>• What will you do with your business?</td>
<td>• Review personal objectives</td>
</tr>
<tr>
<td>• How transfer and to whom</td>
<td></td>
</tr>
<tr>
<td>• Buy-sell agreement</td>
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## Maturity Phase

<table>
<thead>
<tr>
<th>Risk Management</th>
<th>Employee Benefits</th>
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<tbody>
<tr>
<td>• Expanded protection against loss</td>
<td>• Selective benefits for key employees</td>
</tr>
<tr>
<td></td>
<td>- Disability</td>
</tr>
<tr>
<td></td>
<td>- Long-term care</td>
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<td></td>
<td>- Retirement</td>
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<table>
<thead>
<tr>
<th>Business Succession</th>
<th>Personal Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review transition plan and agreements</td>
<td>• Review personal objectives</td>
</tr>
<tr>
<td></td>
<td>• Estate planning</td>
</tr>
</tbody>
</table>
## Transfer Phase

<table>
<thead>
<tr>
<th>Category</th>
<th>Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management</td>
<td>• Review/transfer protection plans</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>• Review/transfer benefit plans</td>
</tr>
<tr>
<td>Business Succession</td>
<td>• Implement exit strategy</td>
</tr>
<tr>
<td>Personal Planning</td>
<td>• Review personal objectives and plans</td>
</tr>
<tr>
<td></td>
<td>• Review estate plan</td>
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</table>
The Role of an Advisor

- Asks you thought provoking questions
- Develops an understanding of your business, your industry
- Doesn’t use a “one size fits all” approach
- Collaborates with you to build a plan around YOUR business and personal goals, needs and objectives
The Role of an Advisor – The Facts

• Business owners tend to seek advice of professionals:
  – 66% prefer one advisor for both personal and business needs
  – 48% have a primary financial advisor

• Top three advisors:
  – Accountant
  – Financial Representative
  – Lawyer

LIMRA: Small Business Owners, 2005
Let’s review

- At what stage of development is your business?
- Are you monitoring the four key financial areas?
- Have you protected the four asset classes?

No time like NOW to begin the review process and get the help you need, so…

…you can sleep better at night.
I want your feedback...

Please remember to complete the evaluation form.

Return it to the table at the back of the room.

Lastly, thank you and sleep tight!
6:01 A.M.

I’m confident that all my questions have answers, and that they’re the right answers for the business, my family and me. It’s going to be a great day.
Disclosure

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