

BUSINESS INSURANCE

Big Solutions for Small Businesses





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"A failure to plan is a plan for failure."

Business is great. Now what?

You love owning your own business. So, you pour all your energy, vision, knowledge and will into building a successful company – and then what?

How do you keep it going for the next generation of leadership? And how do you protect it today from the potential loss of a partner or key employee?

These and other concerns can rob you of a good night's sleep. Think about three key areas of need that your organization may have.

Three areas of need

Most companies face three basic concerns about the ownership and key employees that require advance planning.

- 1. Protecting the operating team of your business the human capital component;
- 2. Planning for ownership transition the continuation of your business; and
- 3. Providing for outstanding talent recruiting, retaining and rewarding key people.

Protecting the operating team

Your people are at risk

Risk is a fact of business life. All the assets on your balance sheet are at risk of loss or impairment; so are your human assets. You either carry this risk yourself, supported by the retained earnings of your business, or you transfer it to an insurer. Consider these "what if" scenarios:

- What if you died unexpectedly? Could the company go on without your leadership, skill, and knowledge?
- What if another principal or key employee died prematurely? Who would take his or her place and help keep the business running?
- What if the scenario involved disability instead of death? Could the business support you or another key person if disability struck either of you?

A qualified business insurance professional can help you prioritize these risks and identify options for managing them. Insurance-based solutions can be designed specifically for the owners of small businesses.

Life insurance is ideally suited for protecting the business against the loss of an owner. It provides cash flow or emergency funding from the policy's death benefit, which can help the business in a time of need.

Disability income insurance provides a customized monthly benefit to support a disabled owner or key employee. Thus, the business isn't forced to pay an income to a non-contributing member at the very time the company has lost that person's services.



Your Ohio National financial professional can help you prioritize these risks and identify options for managing them.

Planning for ownership transition

More "what-ifs" to think about

What if you or another co-owner passes away, and the company is able to continue, but the family of the deceased owner wants its fair share of the business? How do you resolve the ownership situation then? And what if you become disabled – could the business buy your interest?

Planning for continuation of ownership is perhaps the fundamental need of any closely held business, especially one that has more than one owner. A proper continuation plan should take into account three outcomes: death, disability and retirement. The solutions available can be surprisingly simple and affordable.

Most small businesses that plan for ownership transition use a buy-sell agreement that specifies the terms of buying out the interest of a disabled owner or, in

the case of death, the survivors of a deceased owner. The advantages of having an agreement in advance are obvious:

- It establishes an objective, predetermined valuation amount (or valuation formula) for the disabled/deceased owner's share, agreed upon by all parties;
- It creates an immediate market for liquidating a disabled or deceased owner's share;
- It also establishes the value of the business for tax purposes; and
- It provides a means for financing the buyout, usually through disability income insurance or life insurance.

At some point, you will choose to retire. Then the big question is, from what sources can you receive retirement income? Can your ownership stake be converted or liquidated into retirement assets? There are other tools and techniques, such as a non-qualified benefit plan, to help you get the value out of the business without disrupting the firm's operations or compromising its financial health. These issues and solutions should be a part of your long-range planning.



Providing for outstanding talent

Keep your best people

You already know how tough it is to attract talented people to work for you. The best people have many choices for employment and can get what they ask for. If you win the competition for their services, your next challenge is retaining them long enough to get them truly rooted into your firm. You do that by rewarding them beyond their regular compensation, through specific benefit programs.

This usually means offering benefits in addition to the standard qualified retirement plan (e.g., a 401(k) or some other defined contribution plan) which have limits on contributions and payouts. Non-qualified plans are subject to far fewer government regulations and allow you to establish fringe benefits for your key people.

For example, you could establish an executive bonus plan funded by company contributions that are in many cases tax deductible. Or, you could establish a split-dollar life insurance plan that allows you to provide affordable coverage to a key employee and cost recovery to your business when the split-dollar ends (typically, at the employee's retirement or death). You could also establish a supplemental executive retirement plan (SERP), also known as a golden handcuff plan, to provide a lucrative cash benefit for select management-level or highly compensated employees who stay with your company until retirement.

Many types of these non-qualified fringe benefits are used throughout the small business world to help recruit and retain the best and brightest upcoming or experienced talent.



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Why Ohio National

You have a number of excellent companies to choose from for your business insurance. Ohio National is in the top rank of life insurers serving the small business market.

Financial strength

Ohio National's financials, annual report and ratings tell the story of our solid, stable, well-performing organization.

Company heritage

Ohio National has been servicing policyholders for more than 100 years. We are committed to building long-term relationships with our customers and providing them with financial solutions as their needs change over time.

Outstanding professional representation

Thousands of financial professionals across the country have chosen to contract with Ohio National. They are well-trained, experienced financial professionals who, in many cases, have multiple licenses and professional designations in financial services.

Exceptional products and solutions

Our company offers industry-leading products – all backed by solid financial strength including a full portfolio of life insurance, disability income insurance and annuity products to help meet the needs of individuals and business owners.

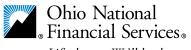
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