

If You're a Closely Held Business Owner -

Why You Need a Security Mutual Life Insurance Advisor



Let's start with some eye-opening statistics.

According to the *2020 Small Business Profile*¹ released by the U.S. Small Business Administration, there are 31.7 million small businesses in the United States, accounting for 99.9 percent of all businesses. Small businesses are defined as those having fewer than 500 employees. There are 60.6 million employees of small businesses, representing nearly half of all employees working in the United States. These numbers tell the story that you are not alone!

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58 percent

of business owners
did not have a
succession plan.

The Wilmington Trust 2017 *The Power of Planning*² report found that 58 percent of business owners did not have a succession plan "despite the fact that long-term transition planning usually results in higher business values, lower taxes, and more peace of mind for all stakeholders."

The Deloitte *Business Succession Planning Cultivating Enduring Value*³ report stated that for "family-owned businesses, only 30 percent survive into the second generation, 12 percent survive into the third, and only about 3 percent operate into the fourth generation and beyond." Lack of planning is cited as the main culprit.

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In 2020, the National Federation of Independent Business issued its *Small Business Problems and Priorities*⁴ report, which comes out every four years. It lists unreasonable government regulations, federal and state taxes, and finding qualified employees as four of the top ten concerns. The top concern is the cost of health insurance.

So What Does All This Mean?

Your Security Mutual Life Insurance Advisor has the capabilities and resources to help business owners like you plan for their financial future. Let's do a simple matching exercise of business owner concerns with services that your Security Mutual Life Insurance Advisor can help provide.

BUSINESS OWNER CONCERN	SERVICES SECURITY MUTUAL LIFE CAN HELP PROVIDE
LACK OF SUCCESSION PLAN	<ul style="list-style-type: none"> • Business continuation planning and coordinating buy-sell agreements with your CPA and attorney • Coordinating proper funding of those agreements • Post-business retirement planning • BizEquity business valuation services⁵
FAMILY-OWNED BUSINESS TRANSITION	<ul style="list-style-type: none"> • Estate planning and business succession planning through buy-sell agreements, gifts and/or family transfer strategies • Strategies to minimize estate taxes • Strategies for estate equalization when not all children are involved in the business • BizEquity business valuation services
UNREASONABLE GOVERNMENT REGULATIONS	<ul style="list-style-type: none"> • Non-qualified benefits favoring owners and key executives that may be exempt from ERISA rules • Capitalized life insurance for supplemental retirement funding
FEDERAL AND STATE TAXES	<ul style="list-style-type: none"> • Qualified retirement accounts and pension plans to minimize current income taxes • General tax planning working with your CPA • Non-qualified deferred compensation plans to minimize current income taxes
FINDING QUALIFIED EMPLOYEES	<ul style="list-style-type: none"> • Unique executive benefit strategies to recruit, retain, reward and retire your best employees • Employee benefits including 401(k) plan; group insurance; health insurance; group disability; etc.⁶ • Key person insurance coverage to help protect the company after you find the key employees

Look at just some of the concerns that a typical closely held business owner like you may have and how your Security Mutual Life Insurance Advisor can help you to achieve financial security.

For more information and for help in identifying strategies for your business and unique circumstances, please contact your Security Mutual Life Insurance Advisor.

¹"2020 Small Business Profile," U.S. Small Business Administration Office of Advocacy, 2020, p. 1, <<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144214/2020-Small-Business-Economic-Profile-States-Territories.pdf>>

²"The Power of Planning," Wilmington Trust Corporation, 2017, p. 4

³"The Need for Planning," Business Succession Planning Cultivating Enduring Value, Volume 1, Deloitte Development LLC, 2013, p.4, <<https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/mid-market/ca-en-midmarket-business-succession-planning-vol-1.pdf>>

⁴Holly Wade and Andrew Heritage, "Small Business Problems and Priorities," NFIB Research Foundation, July 2020, p.4, <<https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf>>

⁵Security Mutual Life Insurance Company of New York is independent of and not affiliated with, sponsored by, or endorsed by BizEquity LLC. Security Mutual is not responsible in any manner for direct, indirect, incidental, punitive, special, consequential or other similar damages, (including, but not limited to, lost profits), however caused arising out of or related to reliance on the information generated through or use of the BizEquity platform. *Note: The business valuation report that will be provided is not intended to provide investment advice, or provide a firm business valuation, or replace an independent business appraisal provided by a qualified and professional valuation expert.*

⁶Security Mutual Life does not provide group life, group disability and health insurance. These products may be provided by your Security Mutual Life insurance advisor through other insurance companies.

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