

## Business owners: Here are 4 reasons to get life insurance.



People often think of life insurance as a family-centric policy. Which it commonly is. But if you own a business, you should also think of life insurance as a smart business policy. Why? Let us explain.

In the same way your family might feel the emotional and financial burden of your absence, your business partners, employees, beneficiaries and company growth could suffer from losing your position and expertise. Since your business is a labor of love, owners should extend protection to this asset, too.

Here are four other reasons life insurance for business owners is so important:

- 1. Income replacement for your family.** A personal Term Life or Whole Life policy can cover end-of-life expenses and secure family finances for things like kids' college and the mortgage. It can also protect the success and future of your business. If your family relies on your business's income, a policy would offer protection if they're unable to run it or sell it themselves. Or if they're in a position where they're forced to sell, it could give them time to look for the right offer instead of selling it quickly for fast cash. Throughout this transition period, your family will have income for themselves and your business.
- 2. Protection against collateral damage.** In the early days of business, did you rely on loans? Do any of those loans tie up personal property like your home or financial assets? If something happens to you, those loans could be collected, leaving your family in a dire situation. Calculate coverage you might need against this collateral and pick up a personal policy to protect your family from this financial hardship.

3. **Critical employee death.** You've built a team you trust and depend on. But what if an essential employee suddenly passes away? If you have key person insurance as a business owner, you would receive income to help offset the loss of your team member.
4. **Appointing a successor.** Do you co-own your business or have someone in mind to step up and assume operations? Business partners are one of the life insurance beneficiaries you may not have considered. If you do co-own your business, set up a buy-sell agreement that details the terms of operation and transition of power in your absence. Tip: Business partners/stockholders often purchase policies equal to the shares of the others.

Life insurance is a smart business move for companies large and small. No matter your industry, it's important to safeguard your business's future with coverage. Not sure where to start or what you need? Talk to a local, independent agent about life insurance for business owners today.