



# Conversation Starters That Can Resonate With Today's Business Owners

As the marketplace, tax law, interest rates, and asset valuations are evolving rapidly, speaking with business owners about their planning is more important than ever. However, business owners are busy! What can you say to pique business owners' interest and get them to take a moment outside their day-to-day business concerns to think more broadly about their business, their employees, and their family? You can use the following conversation starters to help you approach business owners and initiate a dialogue.

## Who keeps your business's doors open?

An insurance policy on the life of a key employee can help a company survive financially if the employee dies prematurely.

## Is there any employee whose departure for a competitor would devastate your business?

Cash value life insurance can be used to create informal "golden handcuff" plans that help tie that employee to the business. Tax reform has made business life insurance an even more attractive asset, providing pre-retirement death benefits for both the employee and the employer as well as a supplemental retirement income source if properly structured.

## Have any of your current employees been identified as future successors?

A written and funded succession plan whereby the employee will eventually take over as the business owner is one of the strongest golden handcuffs available.

## Are you prepared for “disruption”?

A good example of disruption was anyone in the DVD rental business in the 1990s making a great deal of money — then one day streaming video came along. This effectively terminated anyone’s lifestyle that was derived from being in the DVD rental business. You can help business owners avoid having all their retirement eggs in one basket. Life insurance can provide a source of income that is separate from their business, while also providing valuable protection.

## What is your walk away number?

This is not the price for your client’s share of the business. Rather, it reflects the amount the client and the client’s spouse believe is sufficient for the spouse to leave the business after the client’s death, financially secure, and with no need to seek additional compensation from the surviving owner(s).

## Are you certain any business-owned life insurance you currently have will be paid out income tax free?

Businesses must comply with § 101(j) to receive tax-free death benefits from employer-owned life insurance policies. To qualify for tax-free death benefits, an employer-owned life insurance policy must comply with both notice and consent and employee status requirements. For more information on § 101(j) compliance, [please review Crump’s technical bulletin, “Employer-Owned Life Insurance Rules Under § 101\(j\).”](#)

## What is your business worth? Where did this number come from? Was a valuation done? If so, by whom and how long ago? Would you be interested in obtaining a free, no obligation business valuation?

Business valuations are an integral part of business continuation planning. Many times a formal valuation isn’t necessary until the sale or transfer of the business is imminent. Crump can obtain informal business valuation services — based on three years of company tax returns or financials — which may be useful in the business continuation planning process.

## Do you have a written buy-sell agreement? Is it funded? Would you be interested in a free buy-sell review?

Buy-sell arrangements are one of the most important steps that clients take to control the future of their businesses. Creating the buy-sell agreement is only the first step; there must be a source of funds to ensure it can be carried out. Life insurance is tailor-made to ensure that funding is available at the precise time it is needed. Crump can review existing buy-sell arrangements — both the agreements themselves as well as their funding — to ensure that they fulfill the needs of the business.

## Have you re-examined your buy-sell agreement in light of the Supreme Court’s decision in *Connelly vs. United States*?

The *Connelly* case involved a corporation with an “entity purchase” buy-sell arrangement, but all entities and structures should be reviewed periodically.

Contact your Crump representative for more information!



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