

You've worked hard to build a successful business, which is why it's important to protect it with the right insurance coverage. However, losses associated with property and liability aren't the only risks your business may face.

Part of a strategic business plan includes mitigating risks associated with the loss of a key employee and ensuring the survival of your business with a buy-sell agreement. **Sagicor Life's Sage Indexed Universal Life (Sage IUL) is designed to help you with both.**

KEY PERSON LIFE INSURANCE

A key person or key employee is considered a valuable contributor in your organization. An individual who plays a vital role in the success of your company. For smaller businesses, this can even be the owner.

In the event of the death of a key employee, the loss may lead to a disruption of daily operations resulting in lost clients and profits, as well as the time and money to recruit and train a qualified replacement. Key person life insurance can help by paying a death benefit to help cover financial losses that may occur during this time of transition and ensuring the continuity of your business.

Here's how it works...

- The business buys a life insurance policy on its key employee(s), funds the premiums, and is the named beneficiary of the policy.
- In the event of the employee's death, the business receives the payout.
- The business can use the funds to help cover expenses associated with finding a suitable replacement, as well as covering debts such as business loans and investments.

Sagicor's Sage IUL solution provides...

- Access by the policyowner to tax deferred cash value to policy withdrawals or loans.
- A chronic illness² acceleration of the death benefit, if the policyowner chooses, in the amount of \$114,703¹ if Laura cannot complete two of the six activities of daily living.

Important notes and disclosures are located on page 4.



Example

Keith owns a successful software company. Three years ago, he hired Laura, a highly experienced software sales and marketing expert who has been pivotal in the growth of his business.

Solution

Recognizing the vital role Laura plays in his company's success, Keith's business purchases Sagicor's Sage IUL insurance policy with a \$1 million death benefit on Laura, and Keith's business is the owner, premium payor, and beneficiary.

In the event of Laura's death, Keith can use the proceeds to replace lost revenue, fund costs associated with recruiting and training Laura's successor, and maintain a state of stability for clients, creditors, and his employees.

Conclusion

Keith's business secures \$1 million in key person protection and pays \$10,000 annually in premiums. When Laura turns age 65, the total premium paid will be \$200,000 with a surrender value available to Keith's company of \$257,335.¹

- Financial flexibility at retirement or termination of employment with the option to:
 - o Keep or surrender the policy.
 - o Transfer the policy to the insured employee.
 - o Use policy values for informal funding of executive compensation arrangement.

BUY-SELL AGREEMENTS



A buy-sell agreement (sometimes referred to as a business will or business prenup) is a contract between co-owners of a business. It's essentially a buyout contract that determines in writing who will take over the business including when individual owners can sell their interest, who can buy an owner's interest, and the price — if an owner or co-owner dies, becomes disabled, retires, or otherwise leaves the business.

Buy-sell agreements are typically used to...

- Establish a fair value of a share of a business should a dispute between owners arise.
 - For example, when one owner wants to leave and sell, while the other would prefer to stay and buy out his/her partner's share.
- Place restrictions on other owners who may want to sell their part of the business to parties that may not be acting on the best interest of the business or its remaining co-owners.
- Specify which owners must sell their shares of the business back to the business, upon the death, disability, or otherwise exit of the owner.

Life insurance is often used to fund the buy-sell obligation at death, providing a lump sum of readily available cash that can be used to buyout a deceased owner's interest, as well as providing estate liquidity to offset debt and expenses, and create an income stream for their loved ones.

Here's how it works...

- A specific buy-sell plan (cross-purchase or entity purchase) is selected by the business.
- Using the cross-purchase plan, each owner buys an insurance policy on the life of each of the owners. Each owner pays the premiums and is the owner and beneficiary of the policies on the other(s).
- Using the entity purchase plan, each owner enters into an agreement for the sale of their individual interest. The business buys one policy on the life of each owner, pays the premium, and is the owner and beneficiary of each policy.



Example

Mark, Tom, and Carl are all part owners of a thriving dental practice. Over the past eight years, they have invested heavily in new orthodontic equipment, with a focus on growing their patient base. What they were less focused on was how the practice would continue if one of them died, became disabled, or retired.

Solution

Upon the advice of their financial professional, the business established a buy-sell agreement funded by Sagicor's Sage IUL to ensure funds would be available should the buy-sell become a reality.

Based on a business value of \$3 million, Mark, Tom, and Carl each purchase a \$1 million Sage IUL policy on the life of each owner, paying \$16,000 in annual premiums for each policy for 15 years.

Conclusion

At the end of the 15 years, the business outcome per policy results³ in:

- \$240,000 in total premiums paid.
- A \$1 million death benefit from year one.
- A \$1 million death benefit when the owners turn age 66.
- A policy cash value of \$270,467⁴ when the owners turn age 66.

A chronic illness² acceleration of the death benefit in the amount of \$132,053⁴ is also available to the policyowner if the insured cannot complete two of the six activities of daily living — provided the policy is still in force.



Protect yourself against unforeseen events...

Sagicor's Sage IUL makes it easy for you to protect against risks associated with the loss of a key employee and funding a buy-sell agreement. Additional benefits that include:

- Higher cash value growth potential compared with whole life and traditional universal life policies — with protection from stock market ups and downs.
- Access to policy cash values when your business needs them by way of policy loans and withdrawals — fixed or variable.⁵
- An accelerated death benefit rider that allows the business to access a portion of the death benefit if an employee or owner is diagnosed with a terminal condition or chronic illness².
- Tax-deferred growth, and a tax-free death benefit⁶ and policy loans.
- A variety of optional policy riders.⁷

Think a Sage IUL insurance policy might be right for you and your business? Talk with your agent who can help you make the best decision based on your individual needs.

Sagicor Life Insurance Company
8660 E. Hartford Drive, Suite 200
Scottsdale, AZ 85255
Sagicor.com

Client Services
888-724-4267, ext. 4610

Important Notes and Disclosures

- ¹ Surrender value and chronic illness hypothetical examples are based on an illustration for a female, age 45, preferred non-tobacco, Arizona issue state, \$10,000 annual premium paid for 20 years. [Refer to page 1.](#)
- ² Chronic illness not available in California. [Refer to page 1 and page 3.](#)
- ³ The life insurance performance projection is based on the following assumptions: male, age 50, preferred non-tobacco, Colorado issue state, assumed crediting rate 5.18%, \$1,000,000 level death benefit, current mortality and expense assumptions. Performance will vary if any of those assumptions change. [Refer to page 3.](#)
- ⁴ Policy cash value and chronic illness hypothetical examples are based on an illustration for a male, age 50, preferred non-tobacco, Colorado issue state, premium paid to age 65, with a \$1,000,000 level death benefit option. This is for a single policy only. [Refer to page 3.](#)
- ⁵ Policy loans (varies by state and 6% interest charged in arrears) are allowed any time after the policy has a cash value or after the first policy anniversary. Outstanding loan balances not repaid (plus interest) at the time of death will be deducted from the death benefit, reducing the death benefit. [Refer to page 3.](#)
- ⁶ Life insurance death benefits are free from federal income taxes, in most cases. [Refer to page 3.](#)
- ⁷ See applicable rider for details on all options, including fees, limitations and exclusions. Optional riders are provided for an additional cost. Terms and conditions apply. [Refer to page 3.](#)

Sagicor helps you make wise financial decisions for your business. Our A- excellent rating by A. M. Best Company, affirmed as of September 11, 2020, is based on our financial strength and ability to meet ongoing obligations — our promise to you, our policyholder.

If you have questions about the policy, please contact your insurance agent. Insurance and annuities issued by Sagicor Life Insurance Company. Home office: Scottsdale, AZ. Products have limitations and restrictions including surrender charges. Not available in all states and variations may apply. Guarantees are based on the claims-paying ability of Sagicor. Withdrawals from non-MEC life insurance policies are a tax-free return of basis first. Loans from non-MECs are not taxed as distributions for so long as the contract stays in force. MEC policies are taxed differently. Sagicor does not provide tax or estate planning advice. Consult your tax business planning advisor(s). Policy Form: ICC171017