



LEADING THE WAY TO FINANCIAL FREEDOM

BUSINESS OWNER SERVICES

Business Owner Services

Growing a business is a difficult undertaking today as business owners must confront a myriad of tax laws and regulations while trying to effectively create products or services, manage their employees, develop and cultivate clients, and do so profitably.

Many times business owners are too absorbed in their business to tend to their own financial needs, and they may also overlook key planning considerations that could help their business grow and prosper. Also, the livelihood of a business owner can be imperilled when unexpected events occur that adversely affect the bottom line of the business.

For many business owners, their business is their primary retirement asset. After many years of building a successful business they expect to convert it to an income for retirement by selling it. If they are relying upon the business as their sole means of retirement they run the risk that it may not attain the value needed to produce the needed income, a calculation we refer to at the "Wealth Gap". Crucial to preparing for your Third Act is identifying how much do you actually need to ensure that you can maintain the lifestyle you've hoped for during your Golden Years and achieve any legacy or charitable intent. This basic step is often overlooked and is one of the primary reasons that many business owners regret transitioning out of their business within 1 year of doing so. Equally important to a successful transition is having a plan for your Third Act. What are you going to do during retirement? How are you going to spend your time and who are you going to spend it with? Where? One can only play so much golf and your spouse loves you but sometimes too much of a good thing is too much! One of the biggest contributors to sellers remorse is not having a plan for life after the business. We can help.

Business Value Acceleration, Risk Management and Business Strategy

The first step to maximizing value and business strategy is understanding your Risk. Risk is an intrinsic part of any business. Identifying and mitigating those risks is an essential. What if you or your partner dies prematurely? What if your Head of Operations or Sales departs to a competitor? What if another global pandemic hits? What if my largest client is purchased? By planning for risks, you greatly increase the value of your business. As a Certified Exit Planning Advisor®, we, along with our external specialists, are uniquely qualified to assist in helping you maximize your life's work. Said simply, exit planning is just good business strategy.

Exit/Succession Planning

We get it, your business is like a child you've raised from birth to adulthood. You also care about the people that helped your business become successful. You are concerned if this income generating asset goes away, will you be able to maintain the lifestyle and enjoy the type of retirement you've hoped for. You want to make sure that the culture and reputation of your business stays intact. Our defined process and team of experts will help you understand and address all your concerns so you can best decide on what succession options are best (Third Party Sale, Internal Sale, Private Equity, ESOP, Equity Buy/Out, Strategic Partner, Equity Recap or transfer to the next generation). Each option has unique considerations and potential impacts to the future of your baby. As your personal CFO, we can bring to bear all the necessary resources to get you ready for your third act and ensure your business and your legacy thrives. Simultaneously we will work with your legal and tax advisors to ensure the transition is coordinated with your estate plan and is structured in the most tax advantageous manner.

Highlights

- Business value acceleration and risk management and strategic planning
- Exit/succession planning
- Key employee retention planning/executive benefits
- Key employee Insurance Buy/sell funding
- Buy/sell agreements and funding
- Employee benefits
- Cash management
- Capital sourcing

Alpha Financial Partners
710 East Main Street, Suite 110, Lexington, Kentucky
(859) 785-2660 | alphaky.com

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BUSINESS OWNER SERVICES

Business Owner Services (*Continued*)

Key Employee Retention Planning/Executive Benefits

Your human capital is the cornerstone of any organization. With historically low unemployment, the job market is extremely competitive. Retaining the Key people in your organization is crucial. Your superstars deserve superstar treatment. How do you properly motivate, reward and retain them without giving up control and ensure that they remain true to your mission? We are experts at crafting incentive plans that will help you recruit, reward, retain, and if necessary, reprimand your key people.

When key executives are presented with a strong monetary incentive package, they are more likely to stay and utilize their talents where they feel appreciated and appropriately rewarded. Structured incentive plans can help keep key executives in place and motivate them to higher levels of performance.

Plans such as Nonqualified Deferred Compensation, Executive Bonus, and Split Dollar Life Insurance are plans that enable the business to offer current and future benefits to their key executives in exchange for their continued service for a specified period of time. Depending on your tax structure and goals, we can help you identify the right plan for your most valuable assets.

Key Life, Disability and Long Term Care Insurance

Your top talent are the pillars of your company. The loss of such a valuable asset could rock the stability of the business you've built. In financial planning, we are taught that our most valuable assets—our home, our ability to earn income, our cars—should be insured against an unexpected loss. It's no different for business owners as the loss of a valuable business asset could imperil the business.

Buying life insurance coverage on a key employee makes good business sense. The amount of coverage should be enough to cover the costs of recruiting and paying a replacement, loss of earnings to the company, any redemption of stock or a salary continuation plan arrangement with the surviving family. Properly structured, this risk management tool can ensure the ongoing viability of your company and give comfort to your key people that their family is protected in the event of an untimely passing, disability, or long term care event.

Employee Benefits

We find that in many cases the employee benefit offerings just are not strategically aligned with the culture and initiatives of the organization. Yes, you are providing a benefit, but are those benefits driving the behaviors desired and aligned with the culture of the organization to transform your workforce from "employees" to "stakeholders". A common example can be found in many of the group retirement plans we review. Often they are grossly inadequate at helping employees achieve "retirement readiness". They may have decent investment options and reasonable plan expenses, but the plan participants are nowhere near "on track" to be able to retire on-time, which in the end cost the company much more in the long run in the form of higher medical cost, wage inflation, and lost productivity. We specialize in helping companies unlock the "benefit" of their benefit plans and ensure they align with the overall objectives of the employer. We are proven practitioners at moving the needle towards "retirement ready" employees while minimizing fiduciary risk for plan sponsors as their Prudent Expert of ERISA plans, Health Savings Accounts, Group College Savings Plans, Student Loan Repayment plans, and Executive Benefits.

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BUSINESS OWNER SERVICES

Business Owner Services (*Continued*)

Buy/Sell Agreements and Funding

When a business partner dies, the business loses a valuable asset and could suffer in the short term. The long term issue for surviving business owners is whether the business can survive when the partner's family members show up for their interest in the business.

For the families of business partners, the business interest is often their biggest asset and they become the rightful owner of that interest at the death of the partner. They will want to receive their share of the business, either in direct compensation or through their participation as an active partner in the business.

If the surviving partner does not have the capital to compensate the family for their share, their options are limited and not very attractive. A properly constructed and funded Buy/Sell agreement can provide for the orderly transfer of the business interest from the deceased's family to the business. It will also ensure that if a partner becomes disabled, a potential worse scenario for the remaining business partner, that coverage is in place to continue paying out a salary to the disabled partner so the business can focus on replacing the potential lost income that was historically generated by the disabled partner.

Cash Management

In today's low interest rate environment, it's a balancing act between risk and reward. It's also imperative that your cash is working as hard as you are. Together we can make sure that your cash reserves are achieving both your short term and long term goals in the most tax efficient manner.

Capital Sourcing

Capital is the lifeblood of your organization. In many cases capital is either needed to grow the business, cover short-term (seasonal) cash-flow issues, or to fund an exit strategy. Source, structure, terms, and rate/cost are all important considerations. Let's review and discuss those options and help you competitively source the capital you need through our expansive financial network.

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BUSINESS OWNER NEEDS

Business Owner Needs

Retirement

For many business owners, their business is their primary retirement asset. After many years of building a successful business they expect to convert it to an income for retirement by selling it. If they are relying upon the business as their sole means of retirement they run the risk that it may not attain the value needed to produce the needed income.

Businesses can fail. Businesses can lose value in certain economic cycles. The timing is not always right to sell a business. Many times the true value of the business lies in the talents and good will of the business owner who won't be around to run the business after he retires.

Business owners today must prepare for retirement with the same level of diversification recommended for any retirement plan. Business owners have access to a number of qualified and nonqualified retirement plan options that can provide a cornerstone for their retirement income needs.

Business Succession

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Key Employee Protection

One of the more devastating events a small business can suffer is the loss of a key employee. Often times it's a key employee who brings a special talent to the

business and is responsible for much of the success of the business owner. The loss of such a valuable asset could set the business back for a period of time, and at tremendous cost, while the business owner seeks to find a replacement, if one can be found at all.

In financial planning, we are taught that our most valuable assets – our home, our ability to earn income, our cars – should be insured against an unexpected loss. It's no different for business owners as the loss of a valuable business asset could imperil the business.

Buying life insurance coverage on a key employee makes good business sense. The amount of coverage should be enough to cover the costs of recruiting and paying a replacement, loss of earnings to the company, any redemption of stock or a salary continuation plan arrangement with the surviving family.

Executive Compensation

In a small business setting, it could take years to find or develop the executive talent needed to build the business to the next level. Executive talent is hard to come by, and it is even more difficult on the business when it walks out the door in pursuit of another opportunity.

When key executives are presented with a strong monetary incentive package, they are more likely to stay and utilize their talents where they feel appreciated and appropriately rewarded. Structured incentive plans can help keep key executives in place and motivate them to higher levels of performance.

Plans such as Nonqualified Deferred Compensation, Executive Bonus, and Split Dollar Life Insurance are life insurance based plans that enable the business to offer current and future benefits to their key executives in exchange for their continued service for a specified period of time.

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