Nationwide®
is on your side

Business succession planning | Financial professional

Help business clients feel more confident about the future

Learn more about the value you can provide with a business succession plan. We have resources to help you.

FOR INSURANCE PROFESSIONAL USE — NOT FOR DISTRIBUTION TO THE PUBLIC

Be sure to choose a strategy and product that are suitable for the long-term goals of both the business and its employees. Weigh objectives, time horizon and risk tolerance, as well as any associated costs, before investing. Market volatility can lead to the need for additional premium in the policy. Variable life insurance has fees and charges that include costs of insurance, underlying fund expenses and administrative fees. Investing involves risk, including possible loss of principal.

Providing certainty in an uncertain world

Three uncertain times for business owners and their families are the owner's disability, retirement or death. You're likely to remain a valued financial professional for your business owner clients if you help eliminate some of that uncertainty. You can do that more easily than you may realize with a business succession plan.

At Nationwide®, we'll assist you every step of the way, from identifying potential clients to reviewing a client's existing plan. And this guide is a great resource you can use now and refer back to often.

Key information to look for inside:

1 Most businesses aren't adequately prepared for a business owner to transition out of the business.
Page 4

---

2 It's best to focus on three types of plans that can be effective options for most of your business clients.
Page 6

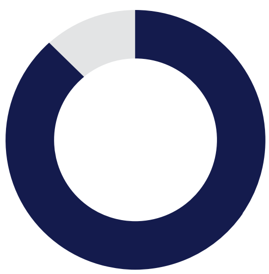
---

3 Nationwide has a specialized team and many resources designed specifically to help you.
Page 17

Why is a business succession plan so important?

Business owners spend a lot of time and energy building a successful business that their family members and employees rely on, but at some point, every business owner transitions out of the business, whether due to a disability, retirement or an untimely death.

Many business owner clients aren’t adequately prepared.



88%

of family business owners believe their family will still control the business after five years[1]

30%

of family businesses survive into the second generation1

It’s easy to implement a business succession plan.

A business succession plan is simply an agreement between the seller and a buyer of a business; the agreement outlines:

- Triggering events that will initiate a transfer of the business
- A purchase price that reflects the true value of the business
- How the seller should be paid for his or her interest in the business

Of course, it’s important that an attorney draft the agreement, but our team of specialists can help by providing sample agreements and consultative support.

[1] “Family Business in Transition,” Neha Gupta for The Family Business Institute Inc. (July 22, 2019).

How you add value with business succession planning

A business succession plan helps to protect the seller and his or her family from having to find a buyer and negotiate a price and terms when the seller might lack leverage because of a disability, an impending retirement or an untimely death.

For clients without an established plan, you're able to help them establish a funded business succession plan that can:

- Solidify a market for the business
- Create certainty about the price, terms and financing
- Identify triggering events for succession
- Establish retirement income for the business owner
- Provide a sense of security for surviving family members
- Facilitate a smooth and controlled transition
- Establish funds for the purchase of the business
- Reduce the potential for future litigation

For clients with an established plan, you can review it and help make sure it continues to achieve their goals, because things can change over time:

- Plans may become under- or overfunded
- Transfer terms may no longer be acceptable
- Identified purchasers may no longer be viable

Three simple and effective types of plans

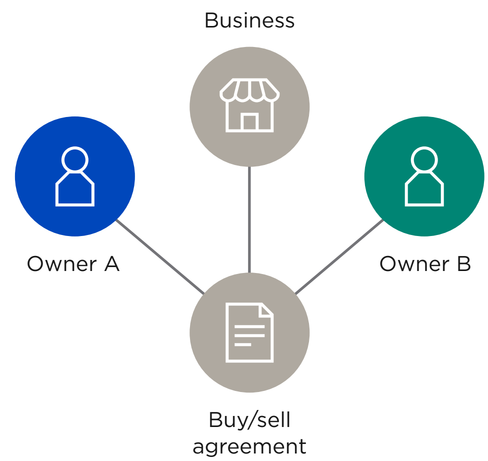
There are many business succession plans that vary in levels of complexity, but it's helpful if you focus on understanding just a few simple and effective plans that might work for most of your clients.

1 | Entity purchase arrangement

This type of arrangement can be used in situations with multiple business owners.

Written agreement

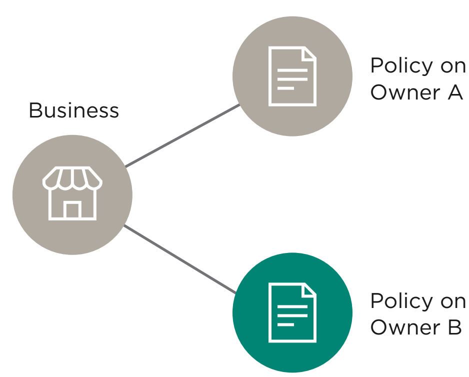
Each business owner enters into a written agreement with the business in which the business agrees to buy a business owner's interest upon his or her disability, retirement or death. The agreement should establish the purchase price and related payment terms.



- Owner A
- Owner B
- Neutral
- Non-owner

Life insurance

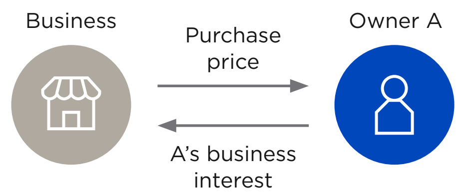
The business would apply for, own, pay the premiums for and be the beneficiary of a life insurance policy on the life of each business owner. The life insurance helps ensure that the business has the funds required to complete the purchase at a business owner's disability, retirement or death.



- Owner A
- Owner B
- Neutral
- Non-owner

Disability or retirement

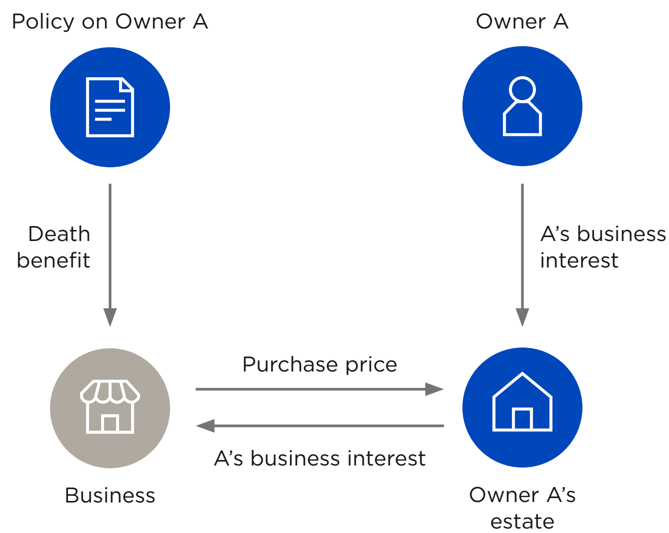
At the disability or retirement of an owner, the business will purchase the departing owner's business interest. The purchase price is typically paid as a lump sum or in installments over a preagreed period of time. The business can access any available cash value or transfer the policy to the departing owner as a partial or complete payment.



- Owner A
- Owner B
- Neutral
- Non-owner

Death of an owner

At the death of an owner, the business would receive the death benefit, which it would use to buy the deceased owner's business interest. The purchase price would typically be paid as a lump sum to the deceased owner's estate, ensuring that the estate has liquidity when it needs it most.



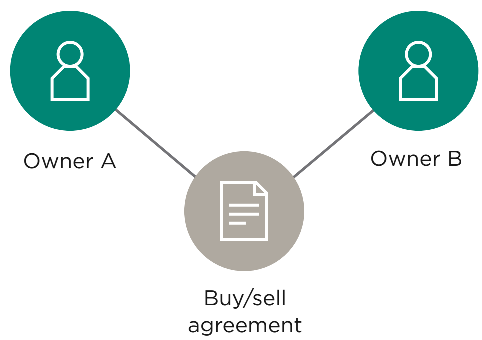
- Owner A
- Owner B
- Neutral
- Non-owner

2 | Cross-purchase arrangement

This arrangement can be used in situations with multiple business owners.

Written agreement

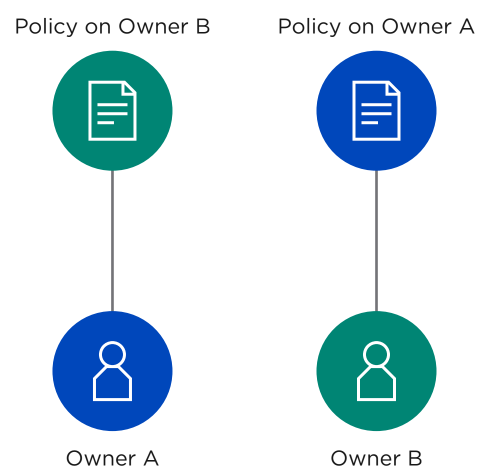
The owners of a business enter into a written agreement with each other in which they agree to buy the business interest of a disabled, retiring or deceased owner. The agreement should establish the purchase price and related payment terms.



- Owner A
- Owner B
- Neutral
- Non-owner

Life insurance

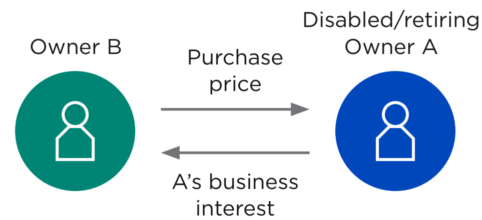
Each owner would apply for, own, pay the premiums on and be the beneficiary of a life insurance policy on the other owner(s). The life insurance helps ensure that the purchasing owner has the funds required to complete the purchase at a business owner's disability, retirement or death.



- Owner A
- Owner B
- Neutral
- Non-owner

Disability or retirement

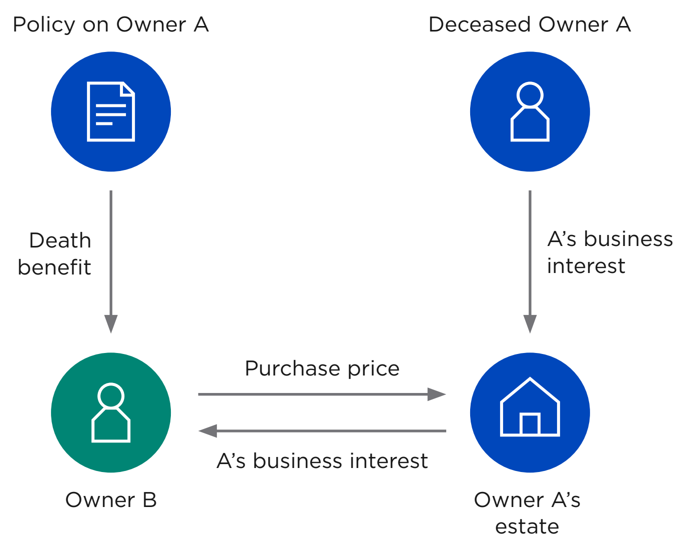
At the disability or retirement of an owner, the remaining owner would purchase the departing owner's business interest. The purchase price would typically be paid as a lump sum or in installments over a preagreed period of time.



- Owner A
- Owner B
- Neutral
- Non-owner

Death of an Owner

At the death of an owner, the surviving business owner would receive the death benefit, which he or she would use to buy the deceased owner's business interest. The purchase price would typically be paid as a lump sum to the deceased owner's estate, ensuring that the estate has liquidity when it needs it most.



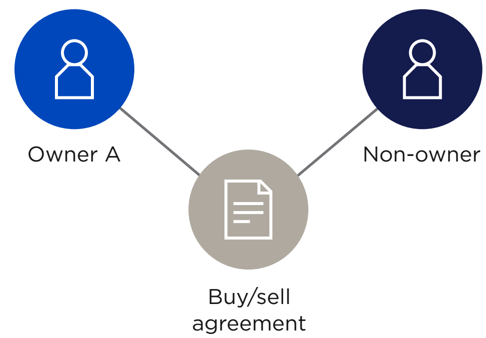
- Owner A
- Owner B
- Neutral
- Non-owner

3 | One-way purchase arrangement

This arrangement can be used in situations with sole or multiple business owners where a non-owner, such as a key employee or a family member, is going to purchase the departing owner's interest.

Written agreement

A business owner enters into an agreement with a nonbusiness owner in which the non-owner agrees to buy the departing owner's interest upon his or her disability, retirement or death. The agreement should establish the purchase price and related payment terms.

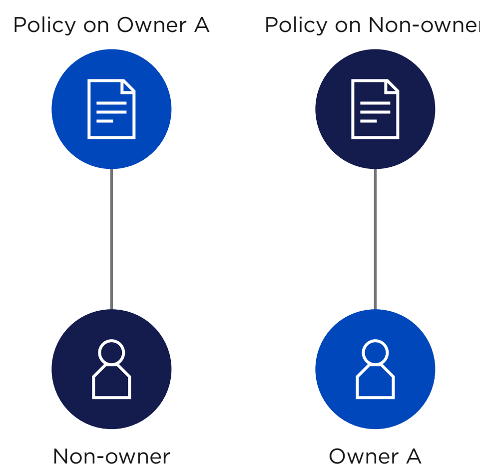


- Owner A
- Owner B
- Neutral
- Non-owner

Life insurance

The non-owner would apply for, own, pay the premiums on and be the beneficiary of a life insurance policy on the business owner. The life insurance helps ensure that the non-owner has the funds required to complete the purchase upon the business owner's disability, retirement or death.

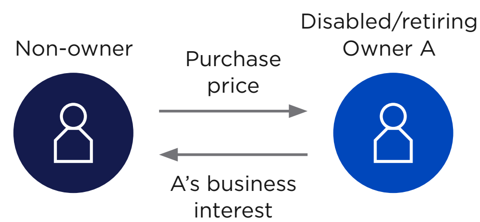
The business owner may want to consider purchasing an insurance policy on the life of the nonbusiness owner to ensure that funds are available in the event that the non-owner dies prior to the planned buyout.1



- Owner A
- Owner B
- Neutral
- Non-owner

Disability or retirement

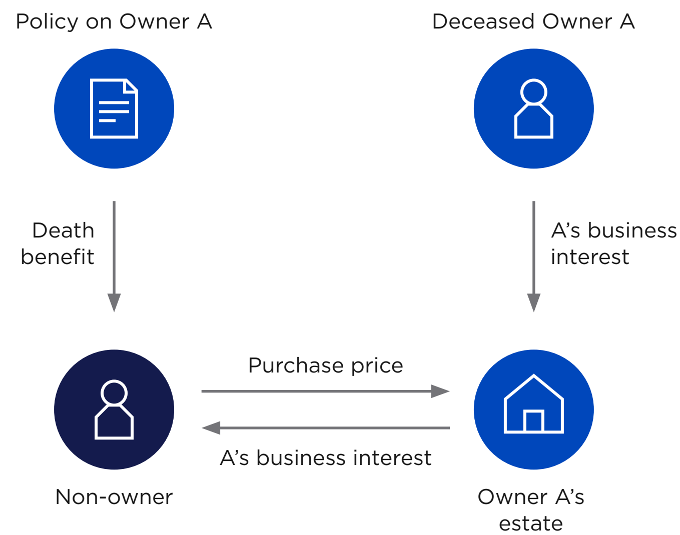
At the disability or retirement of the owner, the non-owner would buy the departing owner's business interest. The purchase price will typically be paid as a lump sum or in installments over a preagreed period of time.



- Owner A
- Owner B
- Neutral
- Non-owner

Death of an owner

At the death of the owner, the non-owner would receive the death benefit, which he or she would use to buy the deceased owner's business interest. The purchase price would typically be paid as a lump sum to the deceased owner's estate, ensuring that the estate has liquidity when it needs it most.



- Owner A
- Owner B
- Neutral
- Non-owner

Let us help

Plan design and the tax and legal consequences of business succession planning can be complex, which is why we're ready to help you and your clients' team of professionals understand the possibilities.

Just call us at 1-877-351-8808.

Focusing your time and effort on the right clients

As with any good idea you see, you probably want this one to make a difference in your practice right away. So you're probably thinking about how to focus on your business clients who may need a business succession plan. We'll help you with that.

What target clients look like:

- Businesses with any number of owners
- All types of business entities (e.g., partnership, corporation)
- Businesses of any size
- Established and profitable businesses
- Business owners approaching retirement

A case study

Jen has been a financial professional for five years, and she's both meeting the right people and building up a substantial book of business.

She has an annual review this week with her top business owner client, Gene, a successful entrepreneur who built a publishing business from the ground up. Jen knows that he would like to retire someday, but she isn't sure what assets he's going to rely on for retirement.

Gene is a good candidate for a business succession plan

- Gene's biggest asset is his business
- He really wants his business to be his legacy
- He wants his best employee and CFO to buy him out when he retires or if he prematurely dies
- He'd like to receive payments in installments in retirement or a lump sum for his estate at his death

Jen's excited because she knows exactly how to help her client. Gene's excited about the possibility of retiring and thinks his CFO will be just as pleased about taking over. It's time to get Gene and his CFO into the office to discuss a one-way business succession plan.

Identify your client’s goals

Some clients use their business as their own retirement fund or as a source of income for their surviving spouse, while others leave it to their children as a gift. Helping your client identify his or her goals is the first step in the planning process.

- What’s your plan for your personal future?
- What’s your plan for the future of the business?
- How would you like to transition out of the business?
- Who will own the business when you’re gone?
- What needs to be done to get the successor ready?
- How will the successor acquire your business interest?
- What do you think your business is worth?
- How much do you need for retirement?
- How much would your family need if you were gone?
- What else do you want me to know about your business?

By asking these and a few additional important questions that we’ve included in our fact finder, you can have the information you need to help develop your client’s business succession plan.

We help you provide more value to your business owner clients

At Nationwide, we have more than 50 people dedicated to helping you deliver business solutions to your clients. We'll help you make the sale, then provide the outstanding service you and your clients need. Make sure you take advantage of everything we can offer.

Tools for your use with clients:

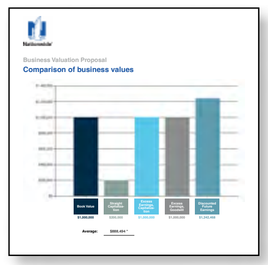
Business owner guide

CLM-0948AO

Fact finder

NFM-2832AO

Business valuation proposal



Sales support

We'll provide guidance at every step in the sales process and can help you:

- Identify prospects
- Gather client information
- Customize a proposal to meet your client's needs
- Present it to your client
- Discuss the tax impact with the client's team of financial professionals

Specially designed products for this market

We've designed life insurance products specifically to meet your needs and those of your business clients.

- Fixed and variable universal life so you have options for conservative and more aggressive clients
- Corporate pricing gives them the opportunity to accumulate cash value more quickly
- Preferred group underwriting with both guaranteed-issue or simplified-issue underwriting available (certain qualifications must be met)

Smooth implementation and reliable administration

A good start and outstanding service go a long way in keeping your case in force and generating referrals for you, so we're happy to:

- Provide the necessary implementation documents
- Assist you with document review and case implementation
- Answer any questions you or your clients have

Our reassuring financial strength

Independent rating agencies continue to award Nationwide strong ratings and cite our:

- Strong capital position
- Product and distribution breadth
- Excellent risk management capabilities
- Diversified businesses with a market leadership position

A+	A1	A+
"Superior"	"Good"	"Strong"
AM Best	Moody's	Standard & Poor's
Received 10/17/2002 Affirmed 12/17/2019	Received 3/10/2009 Affirmed 5/27/2020	Received 12/22/2008 Affirmed 6/23/2020

These ratings and rankings reflect rating agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Because the dates are updated only when there's a change in the rating, the dates above reflect the most recent ratings we have received. They are subject to change at any time.

Start helping your clients with business succession planning today

Review your book of business for prospective clients, and use the tools we developed to help you show them the benefits of implementing a business succession plan.

Key Takeaways

- Most businesses aren't adequately prepared for a business owner to transition out of the business.
- Focus on understanding the three types of plans that can be effective options for most of your business clients.
- Remember that our specialized team and resources at Nationwide make it much easier for you to help your business clients.

When you find a client with business succession planning needs, contact your Nationwide wholesaler or call Nationwide Business Solutions Group at 1-877-351-8808 for assistance.

Nationwide®
is on your side

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
• Not insured by any federal government agency • May lose value

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should discuss their specific situation with their financial professional.

Products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio. The general distributor for variable life insurance policies is Nationwide Investment Services Corporation (NISC), member FINRA, Columbus, Ohio.

FOR INSURANCE PROFESSIONAL USE — NOT FOR DISTRIBUTION TO THE PUBLIC

CLM-0947AO.4 (03/21)