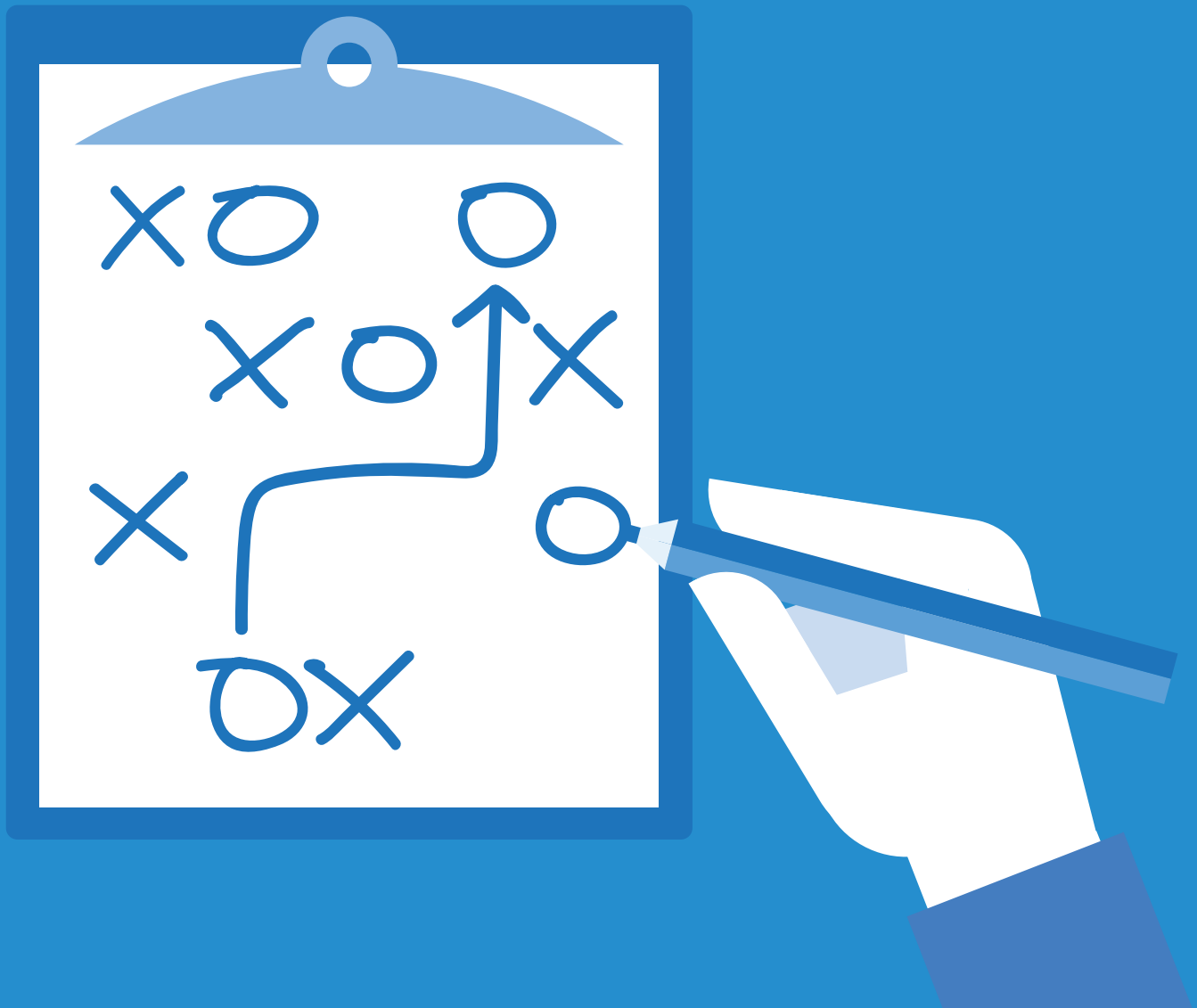
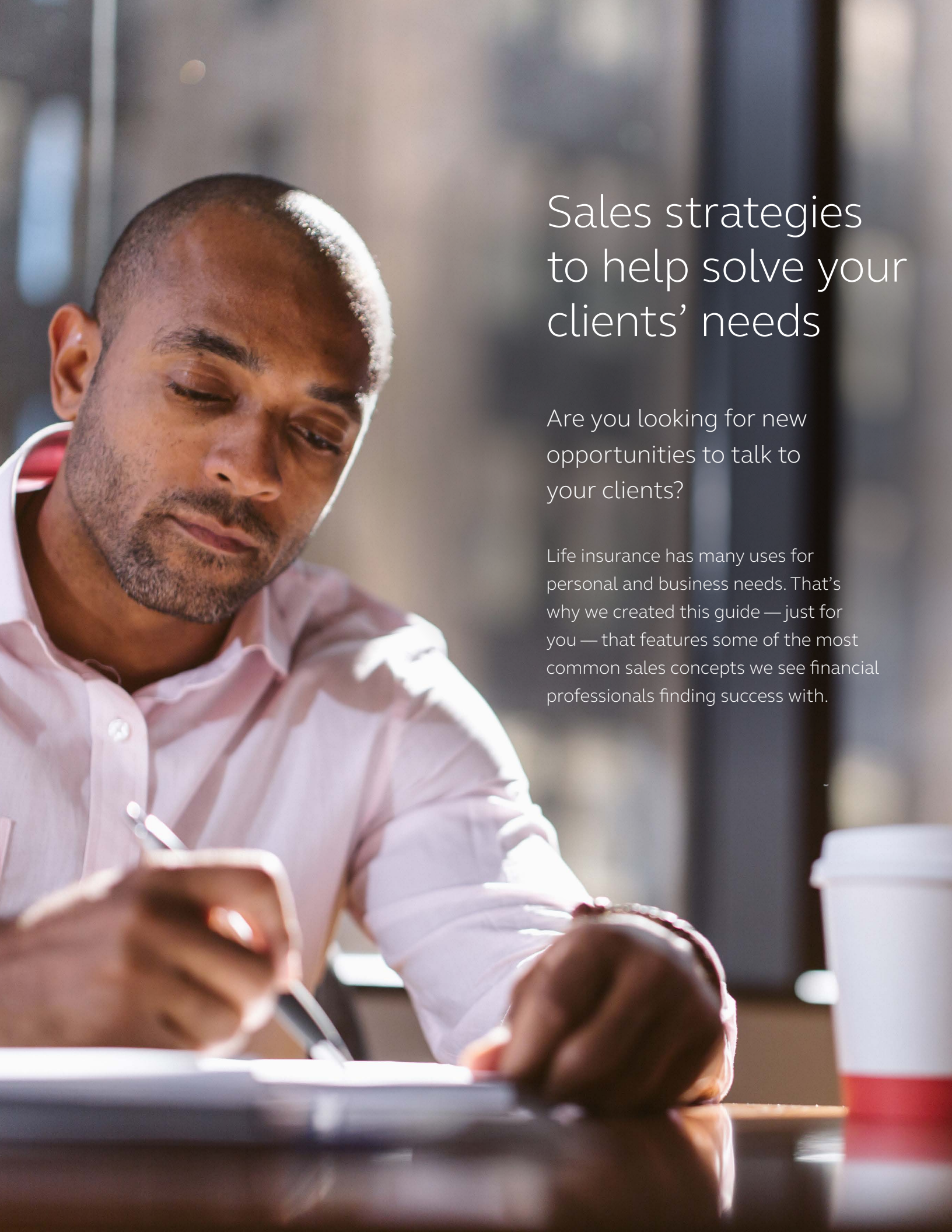


Life Insurance

# Strategies to develop more opportunities

Concept marketing guide





## Sales strategies to help solve your clients' needs

Are you looking for new opportunities to talk to your clients?

Life insurance has many uses for personal and business needs. That's why we created this guide — just for you — that features some of the most common sales concepts we see financial professionals finding success with.

# Getting started: Understand and apply the concepts

## Simple steps lead to more sales

The easy-to-apply sales concepts are organized by some of the most common needs a business or individual has to plan for and, then focuses on a popular solution to help meet the need. You'll find simple, approachable ways to open doors and start conversations, with:



## You can help your clients protect what they've worked for.

By taking a little bit of time on the front-end to plan, your clients can continue enjoying the life they've created. And, we know you're busy too, so these sales concepts are designed in an easy-to-sell format that will help you focus your efforts and get results:



### Learn

Understand the concept, how it works and the opportunity



### Approach

Identify prospects to target your efforts



### Consult

Start the conversation and gather important information



### Take action

Initiate next steps to deliver a custom solution

Get started now. >

Get all of the tools and resources to guide you through the sales process at [advisors.principal.com](https://advisors.principal.com)

# Key Person



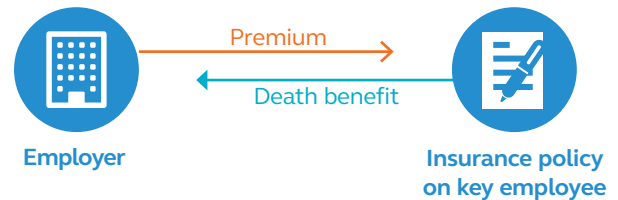
## Learn

The most valuable asset of any business is the people who contribute most to its success. Loss of the service of these key employees can cause financial strain on a business from lost sales to additional cost to find and train a replacement. Key person insurance can provide a financial cushion with cost-effective liquidity for replacing employees who critically impact the value of the business.

### Life insurance used to fund key person insurance

The business is the owner and beneficiary of a life insurance policy that insures a key employee. Then, upon an unexpected death, the business receives the death proceeds, generally income tax-free.

### Key person life insurance



## Approach

### Common profile

Companies in most any industry of any size and of any type will generally have the need for key person insurance.



## Consult

### Start the conversation with clients.

- > Who are the difference makers in your business — in areas such as operations, workflow, relationship management and sales?
- > If one of your key employees died or left for a competitor, would your business be as successful as it is today?



## Take action

1 Use the Key Person Calculator and run an illustration OR submit a Key Person Request for Proposal: [www.principal.com/keyperson](http://www.principal.com/keyperson).

2 Develop a plan to protect the business or retain key persons.

# Buy-Sell Agreements



## Learn

A buy-sell agreement creates a market for the business when a co-owner dies, becomes disabled or leaves. It also protects the remaining owners by preventing a disruptive or unqualified person from acquiring an interest in the business.

### Common Buy-Sell Agreement options

**Cross Purchase:**

Co-owners purchase departing owner's business interest

**Entity Purchase:**

Business purchases departing owner's business interest

**One-Way:**

Key employee purchases departing owner's business interest.

### Importance of current business valuation

Less than 10% of buy-sell agreements we review reflect a current fair market value of the business<sup>1</sup>. An outdated valuation creates risk for all parties.

- Exiting owner may not get fair value for their share
- Remaining owners may over-pay the exiting owner(s)
- Costly delays and arguments amongst owners may ensue



## Approach

### Common profile<sup>2</sup>

**Industries:** Professional, scientific and technical services, manufacturing, construction, wholesale trade, finance and insurance

**Employees:** 1-99

**Business experience:** 10+ years

**Entity type:** Corporation (S or C), partnership



## Consult

### Ask your clients these questions.

- > What is your business worth?
- > Whom do you see running the business when you leave?
- > Do you have a buy-sell agreement in place?



## Take action

- 1 Request a complimentary Informal Business Valuation<sup>3</sup> and/or Buy-Sell Review.
- 2 Review the report(s) with Advanced Solutions to identify opportunities.

### Did you know?

Principal offers complimentary informal business valuations for most businesses.

<sup>1</sup> Source: Review of 1,000 buy-sell reviews by the Principal Financial Group®, January 1, 2011 – December 31, 2014.

<sup>2</sup> In Q3 2013, the Principal Financial Group analyzed its BOES block of business customer data. Dunn & Bradstreet demographic data is also appended.

<sup>3</sup> Buy-Sell Reviews and Informal Business Valuation Planning Reports are available for a variety of business types. Some prospects may present challenges, including: farms, nonprofit organizations, publicly traded companies, non-profitable businesses, sole proprietors, real estate holding companies, financial services firms and new companies.

# Principal Executive Bonus Plus

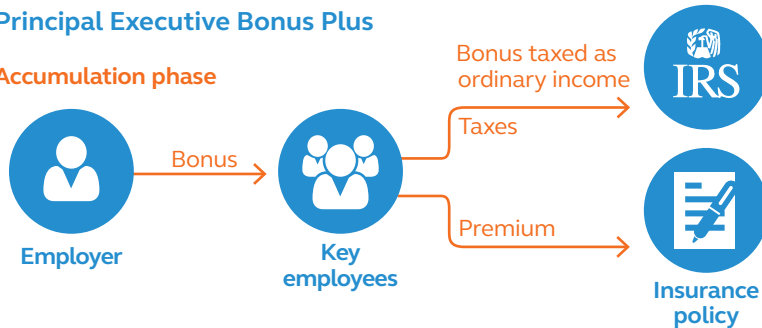


## Learn

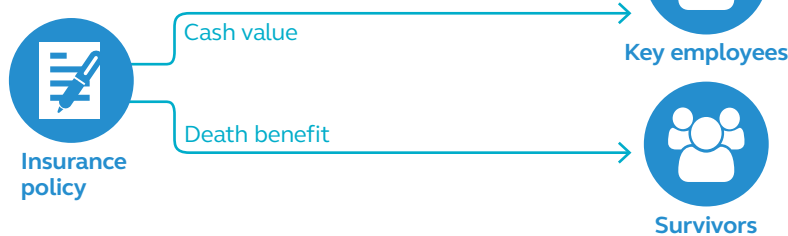
Business owners want a simple way to recruit, reward, retain and retire key employees. One such way is with a Principal Executive Bonus Plus<sup>SM</sup> plan. It provides a platform for employers to offer supplemental retirement income benefits to key employees on a tax-deductible basis.

### Principal Executive Bonus Plus

#### Accumulation phase



**Distribution phase:** Cash value can be used to supplement retirement income; death benefit may provide survivor benefits.



#### Key benefits

- Employees gain a supplemental retirement income source
- Employers may give additional contributions to employees to help them meet retirement goals.
- Business owners can protect their future using business dollars to help meet survivor needs.



## Approach

### Common profile

**Industries:** Professional, scientific and technical services; healthcare and social assistance

**Employees:** High income earners — \$150,000

**Business experience:** 10+ years

**Entity type:** Corporations (S or C)



## Consult

**Talk to your clients about their key employees.**

- > Are you looking for ways to retain and reward key employees?
- > Would your key employees like to save more money on a tax advantaged basis?



## Take action

- 1 Use the Employer Summary (BB8976) to approach clients about the need.
- 2 Submit the Principal Executive Bonus Plus Request for Proposal.

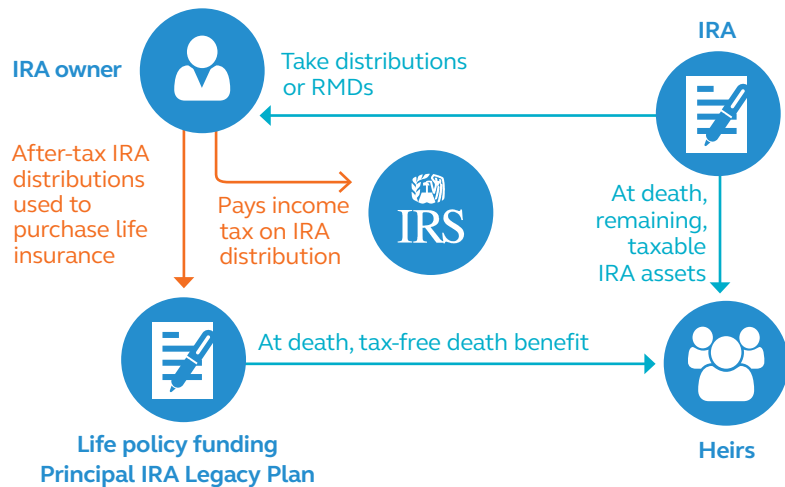
# Principal IRA Legacy Plan



## Learn

Individual Retirement Accounts (IRAs) provide many benefits, however, distributions are subject to federal income tax and in some cases, estate tax. For clients who don't need retirement income from their IRA, the Principal IRA Legacy Plan offers an alternative to help minimize taxes and provide a potentially greater legacy to heirs or a charity.

### Principal IRA Legacy Plan



## Approach

### Common profile

- Age:** 60+ years old
- Assets:** \$1 million+ of assets
- Health:** In good health
- Benefits:** May or may not be taking required minimum distributions (RMDs)
- Wants:** To leave legacy to heirs or a charity



## Consult

### Talk to your clients about their surplus savings.

- > What plans do you have for the money you take from your IRA?
- > Would you like to potentially pay less in taxes and leave more for your heirs?
- > Is there a special charity to which you'd like to leave money?



## Take action

- 1 Discuss how the plan works using our overview flyer (BB11620).
- 2 Show clients how it can meet their needs using the sample proposal.
- 3 Complete an IRA Legacy Request for Proposal.

### Did you know?

**30%**  
of U.S. retirement assets are in IRAs<sup>4</sup>

<sup>4</sup> 2014 Investment Company Fact Book, A Review of Trends and Activities in the U.S. Investment Company Industry, 54th edition Includes all IRA types: IRA, SEP IRA, SAR-SEP and SIMPLE IRA.

## Diversified Life Strategy



### Learn

Use a mix of life insurance products to design customized solutions to cover all of a client's needs and provide flexibility for the future. The client allocates their total budgeted premium among two or more policies in order to diversify among product types and policy durations.

- **Meet multiple protection needs**
- **Provide flexibility as needs change**
- **Enhance an overall financial portfolio**



### Approach

#### Common profile

**Who:** Individual or business owner

**What:** Has multiple needs for life insurance

**How:** May or may not have existing coverage

**Why:** Seeks to diversify risk within their financial portfolio



### Consult

**Assess the short- and/or long-term needs your clients want to cover.**

- Do you need temporary insurance coverage until your children are through college and your mortgage is paid off?
- Do you need permanent coverage for you and your spouse to protect each other?

#### Consider these strategies:

- **Term + permanent**  
For low-cost protection, plus cash value accumulation
- **Term layering**  
Multiple term policies of varying lengths
- **Risk diversification**  
Policies using different interest crediting strategies
- **Personal & business coverage**  
Business owners and key executives often require both
- **Policy review**  
Identify additional coverage needed



### Take action

- 1 Discuss with your clients the benefits of life insurance.
- 2 Use the worksheet included in the Life Insurance for the Needs of Your Life brochure (BB11410) to get started.



# Outstanding service and support to help you throughout the sales process

When you work with us, we'll partner with you for success — listening and consulting to achieve results. Our life insurance solutions are designed with you and your clients' needs in mind to provide support before, during and after the sale.



## Start conversations with clients

### Business market

Stand out with our robust Business, Owner and Executive Solutions (BOES) platform. It delivers expertise and service to help you close more cases.

- **Start with business planning services**

**Offer** complimentary informal business valuation & business planning report and buy-sell review

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### Individual market

Help individuals and their families evaluate their financial goals and objectives.

- **Use tried-and-true approaches**

**Create** more opportunities with door openers to assess current life insurance needs

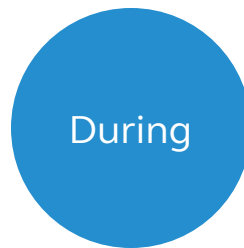
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### Employer market

Go beyond the 401(k) with nonqualified deferred compensation plans. Help employers recruit, reward, retain and retire top talent.

- **Uncover employer needs**

**Explore** what retirement income gaps may exist for key employees



## Deliver custom solutions

### Get consultative and personalized service from experienced professionals

- **Advanced Solutions**

**Talk** to attorneys, certified public accountants (CPAs) and senior consultants for custom case design.

- **Dedicated sales support**

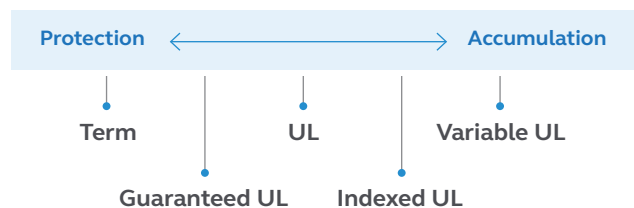
**Contact** our team of wholesalers and sales consultants for your case development needs.

- **Underwriters**

**Work** directly with underwriters committed to delivering fair and consistent decisions.

---

### Choose the right product solution from our diverse portfolio





## Benefit from streamlined services and post-sale support

### Close cases faster with time-saving, Principal Accelerated Underwriting<sup>SM</sup>

- Faster underwriting decisions in as little as 48 hours
- Can eliminate lab testing and paramed exams<sup>5</sup>
- Policies issued and paid in 10 days or less

---

### Provide specialized administrative support with business market services

With some carriers, plan administration is sourced to third-party administrators, which adds costs. Our in-house Business Market Administration (BMA) team provides quality services for your clients, at no charge.

### Employers can:

- **Receive** consolidated payment reminders for all of the policies under the program.
- **View** policy information online.
- **Get** ongoing support. We:
  - Provide important tax reporting information for split dollar economic benefit, imputed interest and 101(j).
  - Deliver retirement income re-projections.
  - Research answers to questions regarding the policies and/or program design.
  - Monitor tax law changes that could impact the plan.

<sup>5</sup> Based on age, product, face amount and personal history.

# Connect client solutions with our products to find the right fit.

See the full range of product solutions to help you close more cases.

	Term	SUL	UL				IUL	VUL	VUL - NY only	COLI		
	Principal Term	Principal SUL Protector II <sup>SM</sup>	Principal UL Protector IV <sup>SM</sup>	Principal UL Provider Edge <sup>SM</sup>	Principal UL Flex II <sup>SM</sup>	Principal UL Accumulation II <sup>SM</sup>	Principal Indexed UL Flex <sup>SM</sup>	Principal Indexed UL Accumulation <sup>SM</sup>	Principal VUL - Business <sup>SM</sup>	Principal VUL Income III <sup>SM</sup>	Principal Benefit VUL II	Principal Executive VUL II
<b>Business Protection</b>												
Key Person	•		•	•	•	•	•	•	•	•	•	DC
ESOP Repurchase						•	•	•	•	•		DC
Stay Bonus	•		•	•	•	•	•	•	•	•	•	
<b>Estate Planning</b>												
Charitable Giving		•	•	•	•	•	•	•				
Gift Strategies		•	•	•	•	•	•	•		•	•	
Inheritance Equalization		•	•	•	•		•					
Principal IRA Legacy Plan <sup>SM</sup>		•	•	•	•		•					
Private Split Dollar		•	•	•	•	•	•	•		•	•	
Trust Solutions		•	•	•	•	•	•	•		•	•	
<b>Exit Planning</b>												
Cross-Purchase Buy-Sell	•		•	•	•	•	•	•	•	•	•	
Entity Purchase Buy-Sell	•		•	•	•	•	•	•	•	•	•	
No-Sell Buy-Sell	•		•	•	•	•	•	•	•	•	•	
One-Way Buy-Sell	•	•	•	•	•	•	•	•	•	•	•	
Multi-Owner Buy-Out				•	•	•	•	•	•	•	•	
Select Buy-Out				•	•	•	•	•	•	•	•	
Business Continuation General Partnership/LLC	•		•	•	•	•	•	•	•	•	•	
Sole Owner Transition Plan	•		•	•	•	•	•	•	•	•	•	
<b>Nonqualified Supplemental Retirement</b>												
Principal Executive Bonus Plus <sup>SM</sup>					•	•	•	•	•	•	•	
Principal LLC Bonus <sup>SM</sup>					•	•	•	•	•	•	•	
Deferred Compensation												DC
Principal S Owner Plus <sup>SM</sup>					•	•	•	•	•	•	•	
Principal Select Reward Plan <sup>SM</sup>			•	•	•	•	•	•	•	•	•	
Principal SERP Select <sup>SM</sup>				•	•	•	•	•	•	•	•	
Principal Split Dollar Plus <sup>SM</sup>				•	•	•	•	•	•	•	•	
<b>Personal Planning</b>												
Diversified Life Strategy	•	•	•	•	•	•	•	•	•	•	•	
Life Insurance as an Asset		•	•	•	•	•	•	•	•	•	•	
Supplemental Retirement Income						•	•	•	•	•	•	
<b>Survivor Income</b>												
Endorsement Split Dollar			•	•	•	•	•	•	•	•	•	
Executive Bonus	•		•	•	•	•	•	•	•	•	•	
Special Needs Planning	•	•	•	•								

DC = For Deferred Compensation



### Let's connect.

Call the National Sales Desk at 800-654-4278, or your Life RVP.

Visit [advisors.principal.com](http://advisors.principal.com).



[principal.com](http://principal.com)

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