



# Inside Track

## Key Person Life Insurance

### Key Person Life Insurance for you and your family business

As a successful owner of a family business, you may have at least one family member who is central to the continuity and success of your business. Whether they are a partner, stockholder, or someone with a high degree of knowledge and expertise, the departure or death of that family member could mean financial hardship for your company.

A Key Person life insurance strategy<sup>1</sup> can help protect your business and your family by reducing the financial impact of the loss of an employee key to your business.

A Key Person life insurance strategy can be implemented using a variety of life insurance products.

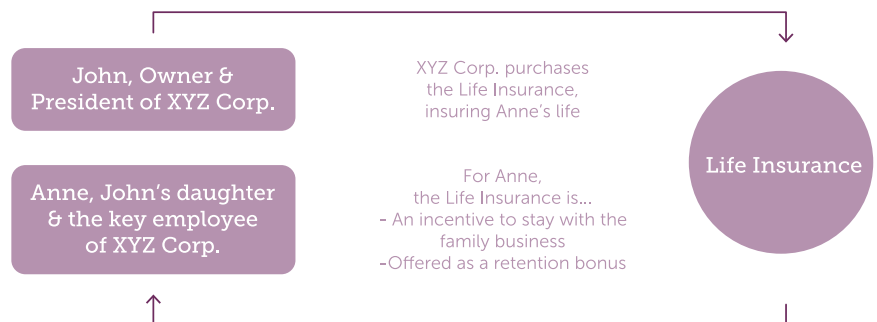
Talk to your insurance representative today to discuss if a Key Person strategy is right for you and your family business!

A Key Person life insurance strategy can help protect your business and your family by:

- Reducing the financial impact of the loss of an employee key to your business by providing funds to quickly find and train a suitable replacement
- Keeping the business operating normally to reassure customers and creditors
- Providing a retention incentive for key employees by making funds available to bonus key employees, or upon retirement of a key person, creating a retirement benefit with the transfer of a life insurance certificate to that employee.

The Key Person strategy can be as easy as 1, 2, 3:

1. Your business purchases, upon consent, life insurance on your key person<sup>2</sup>.
2. Your business is the named beneficiary on the life insurance contract.
3. If the person lives, any cash value of the insurance can provide funds to finance the individual's retirement or can act as a non-taxable reserve for business emergencies. If a key person resigns, the cash value<sup>3</sup> of the insurance can serve as a replacement fund to offset the loss of the key person.



The main advantage of implementing a Key Person strategy using life insurance is to help ensure funds are available to continue your business upon the death or loss of a key employee.

<sup>1</sup> All Key Person strategies are subject to Foresters fraternal benefit guidelines.

<sup>2</sup> Subject to applicable state and federal regulations.

<sup>3</sup> At Foresters, there is a fraternal requirement that it is demonstrated that the dependants of the insured (in this case, the Key Person) benefit from the life insurance proceeds.

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