

# IT'S YOUR LIFE

## Unlocking the Benefits of Key Person Coverage

As a business owner, you know your employees are an important asset of your business. Each business has individuals with specialized skills, knowledge, and valuable customer relationships who are critical to its success. If your business relies heavily on key employees, it may suffer tremendously without those individuals.

Key employees are critical to the operation, profitability, and continued success of your business. Characteristics of key employees may include the following:

Decision making skills	Goodwill with customers
Leadership ability	Technical expertise
Higher salary	Exceptional work ethic
Important and unique responsibilities	Contribution to profitability

What does the impact of losing a key employee look like? First, you may have to take on additional duties that could change your lifestyle and how the business operates on a daily basis. Plus, the loss of a key employee can also result in:

Decreased sales and profits	Costs to recruit, hire, and train a replacement
Loss of customers	Loss of confidence of creditors and suppliers
Reduced employee morale	Costly mistakes due to inexperience
Damaged or weakened relationships	

To help avoid the potential business impact of this type of loss, consider utilizing key person life insurance. Key person coverage can help protect against the untimely death of a key employee (or owner) by providing your business with cash at a time it is needed most.

Your business owns, pays the premium for, and is the beneficiary of a life insurance policy on the key person. The death benefit is paid to your business at the time of the key employee's death. The death benefit is generally received income-tax free. Because of its liquidity, the proceeds can be used to help recruit and train a replacement, provide survivors time to make business continuation decisions, and replace lost profits.

A permanent policy on the life of a key employee can also benefit the business during the insured's lifetime. The cash value of the policy is considered an asset, which may help strengthen your balance sheet. Additionally, the cash value can be accessed via a withdrawal or loan, if needed, to meet business expenses.

Take advantage of the risk management resources that Federated Life® has to offer and ask your representative about our key person coverage.

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