

How do your business priorities and reality compare to those of your peers?

We asked some of your peers recently¹ about their financial priorities. The realities show some planning is still needed to achieve their goals.

TOP 5 PRIORITIES VS. REALITIES

1 Business protection



It's the No. 1 priority since 2010, yet less than half have solutions in place.

2 Health and wellness solutions



Of the owners who provide benefits, 30% offer an employee assistance program (EAP), and 30% offer emotional and wellness programs.

3 Business succession planning



Of those with a plan, 26% haven't reviewed it in more than two years.

4 Income protection



It's been a top 5 priority since 2008, yet less than half have a plan.

5 Non-medical benefits



Dental insurance and Paid Family and Medical Leave are the most offered benefits.

What stops business owners from planning?

About one-third (36%) of business owners say nothing prevents them from taking the time to plan. Of those who haven't, here are some of the top reasons why:



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Contact your financial professional or go to principal.com/ownerinsights.

¹ 2022 Principal Financial Group® Business Owner Check-in, conducted by Dynata.



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The survey was conducted by Dynata and included 1,018 online interviews conducted in January 2022. Results were weighted based on the number of employees and annual sales. Potential respondents for this survey were selected from among those who have agreed to participate in Dynata surveys. Because the sample is based on those who agreed to be invited to participate, no estimates of theoretical sampling error can be calculated.

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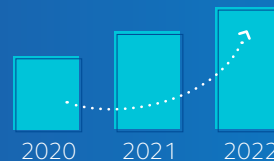
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Importance of benefits for employees and key employees

As more and more employees leave their jobs voluntarily, how do you attract and retain the right talent? Offering benefits shows employees you value them. We asked more than 1,000 business owners¹ about the importance of benefits for their employees and key employees.

Employee turnover is at record levels

More than one-quarter of owners said employee turnover has increased over the past year, up from 20% one year ago and 15% two years ago.



Offering benefits can help

Benefits help recruit qualified employees



70% of owners say the employee benefits package helps improve their ability to recruit qualified employees.

Benefits are critical for employee retention



71% of owners say employee benefits improve retention.

More owners say benefits improve productivity



67% of owners say employee benefits improve productivity—this percent has grown from 42% in 2015.

Business owners want to offer more employee benefits



More than 6 in 10 owners want to offer more employee benefits

When asked how they'd fund additional benefits, 22% would use company profits and 21% say they don't know.

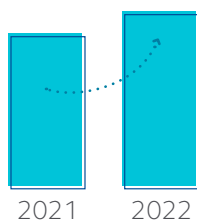
Benefit affordability is critical

#1

"Affordability of employee benefits" is the #1 concern of owners among various workforce issues.

Key employees

When you think about the success of your business, chances are you have select key employees who play important roles in your organization. The number of businesses with **four or more key employees** has grown to 40%, up from 35% last year.



More than half want to offer more key employee benefits



55% of owners want to offer more key employee benefits. That number jumps to 66% among owners with 50 or more employees.

Affordability remains #1 goal of key employee benefits



The percentage of owners saying affordability is the number one goal has increased significantly, from 48% last year to 54%.

Businesses are offering key employee benefits at record levels



84% of owners offer key employee benefits, compared to 74% in 2017.

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How prepared are you to exit your business?

You have a lot to consider when planning to successfully transition out of your business—like preparing a plan, determining a value for the business, and how you'll fund your plan. It's also important to consider:

Is your business your retirement? Are you and your business ready for what comes next? How does your progress stack up to that of other business owners? We asked a group of owners recently about their plans¹, and though some have plans in place, many still don't.

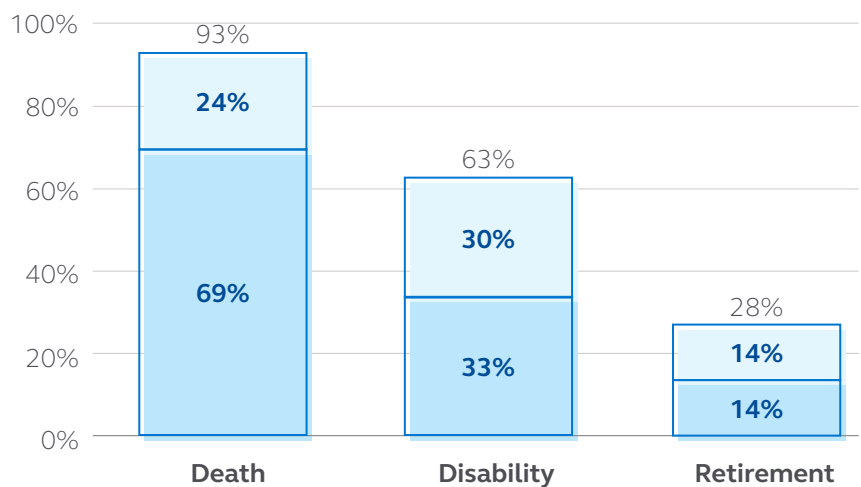
Top transition events

Most buy-sell agreements account for transitioning at death but leave disability and retirement often overlooked. **Planning for these events will help ensure successful transition of your business.**

Percentages of business owner agreements that cover these **top transition events** and whether they're **mandatory or optional**.

- Optional triggering events
- Mandatory triggering events

Source: Review of 2,242 buy-sell agreements by Principal Financial Group®, January 1, 2014 - May 31, 2021.



Have you started thinking about retirement?

Today, you may think you're going to work forever. But as the years go by, your plans might change.

Only 14% of business owners don't ever expect to retire. This statistic has dropped significantly since the first survey in 2010 when 31% said they don't plan to retire. Knowing how your business fits into your retirement is more reason to ensure you have proper planning in place.

¹ 2022 Principal Financial Group Business Owner Check-in, conducted by Dynata. principal.com/ownerinsights

If you're within 10-20 years of retirement



Now's the time to determine the value of your business so that it can eventually help to fund your retirement. Here are some of the steps other business owners have taken to start the planning process:

Create a business succession plan



55% of owners have a business succession plan.



Of those who have a plan, **88%** are either somewhat or very confident about their exit strategy.

Review your business succession plan



Plans are staying updated. Of the owners with plans, **74% had them reviewed** in the past two years.



And for those owners with a succession strategy, **35% plan to leave or sell the business to family**, making this the most popular strategy. If family succession is your plan, do you know how you'll replace your income without a buyout for the business?

If you haven't started planning or still have some planning to do, we can help! Complimentary services from Principal offer a great starting point. **Ask your financial professional** about requesting an **Informal Business Valuation** and/or a **Buy-Sell Agreement Review**.



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