How Key Person Insurance
Safeguards Your Operations

Key Person Insurance → Safeguards Operations

1. **Financial Stability**
   Maintains cash flow during disruption
2. **Business Continuity**
   Ensures smooth operations after a key person's absence
3. **Recruitment & Training**
   Funds hiring and training a replacement
4. **Debt Repayment**
   Covers outstanding loans and financial obligations

How It's Funded — The Life Insurance Behind the Strategy

- **The business owns the policy:** it applies for coverage on the key person, pays the premiums, and is the beneficiary, so the income-tax-free death benefit flows straight to the company (employer-owned rules under IRC §101(j) require advance written notice and consent).
- **Term life** fits temporary, defined needs at the lowest cost — covering the years until a loan is repaid or a successor is fully trained.
- **Permanent coverage (whole life or IUL)** adds lifelong protection plus cash value the business can borrow against as a balance-sheet asset for retention or buy-out funding.