

# Business fact finder

This fact-finding form is designed to assist you in uncovering your needs as a business owner. Once you've completed this assessment, please review it with your advisor, who can assist you in determining a strategy to help you reach your goals.

## Business information

Business name \_\_\_\_\_ Primary contact \_\_\_\_\_

Industry \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Number of years in business \_\_\_\_\_ Website \_\_\_\_\_

Total number of employees \_\_\_\_\_ Part-time employees \_\_\_\_\_ Number of key employees \_\_\_\_\_

## Business organization

☐ Sole proprietorship

☐ Subchapter S-corporation

☐ General partnership

☐ Professional service association or corporation

☐ Limited liability company

☐ Nonprofit

☐ Subchapter C-corporation, subject to corporate income tax at a marginal tax rate of \_\_\_\_\_%

Any changes in form of business? ☐ Yes ☐ No

(For example: sole proprietor to corporation, partnership to corporation, S-corp to C-corp.)

If yes, please explain: \_\_\_\_\_

☐ End of current fiscal year \_\_\_\_ / \_\_\_\_ / \_\_\_\_ ☐ Cash ☐ Accrual basis

## Professional advisors

**Accountant** Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

**Attorney** Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

Insurance products issued by:  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

5280778

### INVESTMENT AND INSURANCE PRODUCTS ARE:

- NOT FDIC-INSURED
- NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
- NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES
- SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

## Owners/Key employees

Names	Age/DOB	Ownership%	Personal tax bracket	Total annual compensation	% of debt attributable	% of profits attributable
_____	_____	_____	_____ %	\$ _____	_____ %	_____ %
_____	_____	_____	_____ %	\$ _____	_____ %	_____ %
_____	_____	_____	_____ %	\$ _____	_____ %	_____ %
_____	_____	_____	_____ %	\$ _____	_____ %	_____ %
_____	_____	_____	_____ %	\$ _____	_____ %	_____ %

Are any of the owners related? ☐ Yes ☐ No \_\_\_\_\_

If yes, name(s) and relationship(s) \_\_\_\_\_

As a business owner, I'm concerned about: \_\_\_\_\_

Business protection	Yes	No
Leaving business debts that my family has to pay	<input type="checkbox"/>	<input type="checkbox"/>
Revenue loss in the event a key person unexpectedly passes away	<input type="checkbox"/>	<input type="checkbox"/>
Having capital to recruit and train a replacement	<input type="checkbox"/>	<input type="checkbox"/>
Significant impact on customer relations should a key person or owner unexpectedly pass away	<input type="checkbox"/>	<input type="checkbox"/>
Employees' perception of the financial stability of the company should a key person unexpectedly pass away	<input type="checkbox"/>	<input type="checkbox"/>
Recruiting, rewarding and retaining top talent	Yes	No
Attracting new talent	<input type="checkbox"/>	<input type="checkbox"/>
Providing benefits with tax-deductible dollars	<input type="checkbox"/>	<input type="checkbox"/>
Losing key talent to competitors	<input type="checkbox"/>	<input type="checkbox"/>
Providing attractive retirement benefits for key employees to encourage them to remain with the business until retirement	<input type="checkbox"/>	<input type="checkbox"/>
Utilizing strategies that have minimal impact on my balance sheet	<input type="checkbox"/>	<input type="checkbox"/>
Planning for business succession	Yes	No
Being able to efficiently transfer my business interest	<input type="checkbox"/>	<input type="checkbox"/>
Protecting my family's income in the event of my death	<input type="checkbox"/>	<input type="checkbox"/>
Receiving a fair price for my business interest	<input type="checkbox"/>	<input type="checkbox"/>
Assuring business continuity	<input type="checkbox"/>	<input type="checkbox"/>
Equitable distribution of assets to my children who aren't involved in the business	<input type="checkbox"/>	<input type="checkbox"/>

## Protecting against the loss of an owner or key employee

### Why it's important

Businesses can experience a significant financial impact from the loss of an owner, partner, top executive or an essential employee with unique talents, experience or skills crucial to the prosperity of the business. It's important to be prepared to cover lost profits, fund recruitment and training efforts, and provide cash to pay debt or other expenses.

Outstanding long-term business debt \$ \_\_\_\_\_ Debt currently insured \$ \_\_\_\_\_

Average net income (profit/loss) of the business for a minimum of the last two years \$ \_\_\_\_\_

# Common key person valuation methods

## Multiple of salary valuation method

This approach assumes the value provided by the key person is associated with their total compensation. In addition to their annual salary, this amount may include annual bonuses and other compensation, such as stock options and profit sharing. The multiplier used is typically between 5 and 10 times their compensation. Adjustments are generally based on the key person's age and role in the business. Debt coverage is also included where applicable for business owners and key persons responsible for debt obligations.

## Percentage of profits valuation method

This approach assumes that a key person's contribution to business profit would be lost during any period they are not working. The profits attributable are determined by multiplying the average profits by the percentage of those profits attributable to the key employee. These values are based on user input. This approach also includes the costs associated with replacing their skills and experience. These costs may include finder fees, relocation, sign-on bonuses, and training costs. Debt coverage is also included where applicable for business owners and key persons responsible for debt obligations.

# Retaining, rewarding and recruiting top talent

## Why it's important

In a tightening job market, it's more difficult for businesses to attract and retain the top talent businesses rely on for success. A combination of compensation and benefits, including qualified and nonqualified plans, can address this need.

## Benefits information

	Offered now?	Details
Group insurance (life, health, dental, disability)	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Qualified pension/profit sharing/IRA/SEP	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Deferred compensation	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Split-dollar plan	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Executive bonus	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Supplemental disability income insurance	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Long-term care insurance	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____

Describe any existing corporate-owned life insurance (COLI) and the reason for coverage.

## How important is each of the following considerations?

	Not important	Important	Very important
Create a fringe benefit for the owner(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide executives with incentives to stay with the business (golden handcuffs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allow executives to defer compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Create an asset owned and controlled by the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recover the cost of providing the benefit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide life insurance coverage until retirement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide life insurance coverage beyond retirement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which of these factors is more important? \_\_\_\_\_

☐ Employee deferral of taxes or ☐ Current deductions for benefits paid by the employer

## Planning for business succession

### Why it's important

Often overlooked, succession planning is one of the most critical aspects of business planning especially for family-owned businesses. It can help ensure an orderly transition upon the death, disability, retirement or withdrawal of any of the business owners, partners or shareholders.

### What will happen to the business upon the owner's:

Disability? \_\_\_\_\_

Retirement? \_\_\_\_\_

Death? \_\_\_\_\_

Is there a business appraisal? ☐ Yes ☐ No

Is there a buy-sell agreement? ☐ Yes ☐ No

If yes, what type? ☐ Unilateral one-way purchase ☐ Cross-purchase ☐ Entity redemption ☐ Wait-and-see option

How is the buy-sell plan funded? \_\_\_\_\_

When was it executed? \_\_\_\_ / \_\_\_\_ / \_\_\_\_

When was it last reviewed by owners and/or advisors? \_\_\_\_ / \_\_\_\_ / \_\_\_\_

### Business valuation

#### Book value information:

Assets \$ \_\_\_\_\_ Asset adjustments: \_\_\_\_\_

Liabilities \$ \_\_\_\_\_ Liability adjustments \$ \_\_\_\_\_

#### Income information:

Calendar year: \_\_\_\_\_

Taxable income: \_\_\_\_\_

Interest expense: \_\_\_\_\_

Depreciation: \_\_\_\_\_

Amortization: \_\_\_\_\_

Valuation method information: (Typical long-term growth ranges from 2.5% to 3.0%)

Earnings are: ☐ Stable ☐ Variable ☐ Volatile

Rate of return on assets: \_\_\_\_\_

Projected growth rate of earnings: \_\_\_\_\_ (Year-over-year growth on earnings)

Number of years to apply growth rate on earnings \_\_\_\_\_ (10 years is typical for a mature business):

Long-term growth rate: \_\_\_\_\_ (Typical long-term growth ranges from 2.5% to 3.0%)

Number of years to include goodwill: \_\_\_\_\_

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Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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