

Business owner solutions

What to consider if you own a business



Wealth
Management

Business owners have a lot to think about: managing cash flow, attracting new customers while retaining current ones, dealing with the competition, planning for what's ahead—the list goes on. Despite dealing with daily business operations, you can't forget about important issues looming on the horizon. Questions to ask yourself include:

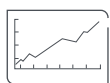
Do you have the resources to drive growth?

Will you be able to sell your business if you lose an important employee?

Will you and your employees have enough money for retirement?

Do you know what your business is worth?

To answer these questions, you need to explore products and services that support your business in several key areas, including finance, insurance, retirement planning and business valuation.



Smart financing choices can boost growth potential

Access to financing

often defines the difference between growing your business and maintaining the status quo. RBC Wealth Management provides access to financing solutions to help you meet most business needs, including:



Managing cash flow

- **Business operating accounts** — Businesses need a system to manage their money. Payables and receivables solutions are crucial to managing day-to-day operations for your business.



Financing technology and equipment

- **Business lending** — Your business needs to keep pace with ever-changing technology and equipment: everything from office desks and chairs to laptops and machinery. The vast majority of businesses lease equipment, allowing you to reduce upfront costs and upgrade your equipment regularly.



Owning office space

- **Commercial real estate loan** — The physical space your business occupies is one of your largest



Unforeseen expenses and working capital

- **Business lines of credit** — Businesses often leverage lines of credit to secure inventory or to protect against unforeseen expenses.



Capital changes: acquisitions

- **Commercial loans** — If you are looking to buy out a partner or purchase another business for growth, there are commercial lending options that will give you greater control and opportunities to expand your business.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.



Protect the future of your business with insurance solutions

Chances are you seek to motivate and reward your valued, high-level employees for their contributions to your success. You can accomplish this through the right insurance solutions:

- **Buy-sell agreement** — When you establish a buy-sell agreement, you're creating a legally binding contract that governs the conditions of a future sale or buy back of your share of the business. For example, if you die, a buy-sell agreement could allow a business partner or a key employee to buy the business from your surviving spouse or whoever inherits your estate.
- **Key employee life insurance** — If you have a business partner, co-owner or top sales person, and this person were to unexpectedly pass away, the loss could hurt your business in many ways. By purchasing key employee insurance—an insurance policy on the life of the key employee—you can help protect your business from the financial loss resulting from that employee's death.
- **Executive bonus plan** — When you establish an executive bonus plan (formally known as a Section 162 Bonus Plan), you pay a “bonus” to a key employee, or executive, by paying the annual premium on a life insurance policy for that employee or executive. That employee then owns the policy and has the right to name the beneficiaries.
- **Deferred compensation** — Highly paid employees may have difficulty saving enough for retirement through their 401(k) and their traditional or Roth IRA, because these accounts are subject to contribution and income limits. As an incentive, you may want to offer a deferred compensation plan.

The employee defers part of his or her income and bonuses into the plan. As the employer, you can also contribute funds. The money can then be placed in a permanent life insurance policy. Your business owns the policy and is the beneficiary. When the highly paid employee retires, your company makes the deferred compensation payments, which are tax deductible to your business and are taxable income to the employee. If the employee dies before they retire, your business can pay the death benefit to the stated beneficiary.



Retirement plans pay off for everyone

Do your employees feel confident about their retirement prospects? Many people don't. Help your workers be more optimistic about retirement through an array of retirement plans that benefit you, your employees and your business. The plan you choose depends on the size of your business, how it is structured, and how much money you can afford to put aside. Yet all retirement plans offer at least three key benefits:

- **Tax-deferred growth** — Earnings grow on a tax-deferred basis.
- **Pre-tax contributions** — Employees typically contribute pre-tax dollars to their retirement plans, which can lower their annual taxable income.
- **Variety of investment options** — Most retirement plans allow employees to spread their contributions among a range of investments, thus providing the potential for diversification.



BizEquity: an innovative approach to business valuations

The RBC Wealth Management BizEquity software tool generates a business valuation to give you

the facts you need to make sound financial decisions. This technology utilizes more than two dozen data sources, including the most accurate information on comparables. This means that your valuation takes more factors, data sources and industry standards into consideration than the typical business valuation. The process yields four distinct and useful valuations:

1. **Equity value:** Includes inventory/supplies, fixed assets and intangible assets, plus liquid financial assets less all liabilities. This value involves the full transfer of the legal entity, including all account balances and current tax attributes.
2. **Asset sale value:** Includes only inventory/supplies, fixed assets and all tangible assets. Excludes all liquid financial assets and all liabilities. Buyer operates from newly formed legal entity.
3. **Enterprise value:** Enterprise value reflects the firm's value as a functioning entity, and it is helpful because it facilitates the comparison of companies with varying levels of debt.
4. **Liquidation value:** Based on the assumption of insolvency and the immediate sale of all assets on the balance sheet, coupled with the satisfaction of all debts. This figure does not include accounts receivable.

Contact your financial advisor or your RBC banking solutions advisor today to discuss how you can give your business a competitive edge through thoughtful and comprehensive wealth management planning.