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LIFE INSURANCE: FINANCIAL CERTAINTY FOR SMALL BUSINESSES

Small businesses are the backbone of America. They generate nearly half of the nation's economic activity and employ nearly half of the U.S. workforce. Life insurers support the workers and owners of America's small businesses by providing them with financial protection in good and hard times. One way our industry provides financial certainty to business owners is through life insurance – typically **whole life insurance**. This type of insurance offers essential benefits and features to business owners through the entire life cycle of the company.

HOW THE PRODUCT HELPS

- Provides **financial security** in unexpected times. The guarantees that whole life policies provide ensure owners can cover costs and keep their doors open.
- Allows for a **business succession plan.** If one business owner passes away or leaves due to illness, disability or retirement, a whole life policy can be used to purchase a partner's share as part of a "buy/sell agreement." Whole life can also be used as "key person insurance," where death benefits are used to look for the replacement of an essential worker who has died, or for other reasons, to keep a business going. Succession planning is crucial to the long-term success of any business and can help keep a business in a family.
- Creates opportunities for **business expansion.** Lenders and investors know they can rely on the value and guarantees of whole life policies, allowing small businesses to expand into a larger location, purchase more products, hire new employees and more.
- Helps with **recruitment and retainment.** Business owners can use whole life insurance as an employee benefit. For example, the policy can be used to provide additional financial protection to workers.



Nearly one-fourth of small business owners have whole life insurance, an important asset, that can help with company needs in trying times.*

Through our partnership with small businesses, life insurers are fueling the nation's economic engine and providing jobs and financial security to millions of Americans.

*Source: ACLI Analysis of U.S. Federal Reserve, Survey of Consumer Finances, 2022

January 2025