

Financial Preparedness Checklist for Business Owners

Building a Strong Financial Foundation

Building a strong financial foundation is essential for protecting your business and securing long-term success. Use this checklist to ensure your business is financially prepared for both expected and unexpected challenges.

1. Emergency Preparedness

- ☐ Maintain at least six months' worth of operating expenses in a business savings account.
- ☐ Develop a financial contingency plan for economic downturns or unexpected disruptions.
- ☐ Review business continuity and disaster recovery strategies.

2. Long-Term Business Planning

- ☐ Establish clear long-term financial goals for business growth.
- ☐ Conduct scenario planning to assess financial stability in different market conditions.
- ☐ Align budgeting with expansion plans and operational efficiency.

3. Retirement & Succession Planning

- ☐ Optimize employer-sponsored retirement plans for business owners and employees.
- ☐ Assess personal and business retirement savings needs.
- ☐ Develop a succession plan to ensure smooth business transition or sale.
- ☐ Consider key person insurance to protect against leadership loss.

4. Business Portfolio Evaluation

- ☐ Define a clear risk profile and investment strategy for business assets.
- ☐ Ensure a balanced mix of active and passive investments in company funds.
- ☐ Minimize financial risks while maximizing profitability.
- ☐ Diversify revenue streams to reduce dependency on a single source of income.

5. Debt & Asset Management

- ☐ Optimize business financing and credit strategies.
- ☐ Evaluate loan and mortgage options for properties.



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6. Healthcare & Employee Medical Planning

- ☐ Set up group health insurance and health savings accounts (HSAs).
- ☐ Consider wellness programs to enhance employee productivity and retention.

7. Employee Benefits & Education Savings

- ☐ Offer and manage 401(k) or SEP IRA retirement plans for employees.
- ☐ Provide education and training resources to support workforce development.
- ☐ Explore tuition reimbursement or scholarship programs for employee retention.

8. Risk Management - Protecting Business Wealth Through Insurance

- ☐ Review insurance policies, including liability, property, and cybersecurity coverage.
- ☐ Assess the need for key person insurance, interruption insurance, or umbrella coverage.
- ☐ Ensure workers' compensation and employee benefits align with industry standards.

9. Legacy & Philanthropy Goals

- ☐ Develop a strategy for charitable giving.
- ☐ Establish trusts or donor-advised funds.
- ☐ Plan for business wealth transfer.

10. Business Estate & Exit Planning

- ☐ Ensure all legal documents, including operating and buy-sell agreements, are up to date.
- ☐ Develop an exit strategy for selling or passing on the business.
- ☐ Discuss succession planning with key stakeholders and family members.

11. Security & Documentation

- ☐ Implement strong cybersecurity measures and fraud protection.
- ☐ Maintain organized records of financial, legal, and operational documents.
- ☐ Secure access to digital assets, including accounts, passwords, and intellectual property.



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