

Grow.  
Manage.  
Excel.

# Strategies for Small Businesses

Small businesses come in all shapes and sizes, from one-person startups to mature, multisite companies. Whatever form your business takes, your Citi Personal Wealth Management advisor can help you access a wide range of products and services to help you grow the way you want, manage your banking and cash management needs, and protect what you've built—for yourself, your family and future generations.



INVESTMENT AND INSURANCE PRODUCTS: NOT FDIC INSURED • NOT A BANK DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NO BANK GUARANTEE • MAY LOSE VALUE

Your business is more than a source of income. It's your most valuable investment.

# Taking care of business—and your financial future

No one needs to tell you how much time and energy it takes to build and run a successful business—or that your business is your most important asset. In time, its growth or sale might fund your retirement, a child's education and the legacy you leave.

You could assemble the tools and advice you need to manage the various pieces of your business and personal financial picture from multiple firms, each with its own specialty. Or you might work with an investment professional who sees the bigger picture and can help you connect all the pieces: Citi Personal Wealth Management.

## **Working together—with you and for you**

Like you, we know when to seek professional assistance. Depending on your specific needs, we can consult with your trusted outside advisors and can access the full scope of Citi's knowledge and resources in virtually every area of banking, investing, wealth management and small-business services.

From banking services for your business offered by Citibank to investment management for you and your family from Citi Personal Wealth Management, Citi can assist you with all your financial goals—or any one of them.

Meeting your needs as they evolve—  
from startup to succession planning

# An investment professional to work with you every step of the way

Businesses typically go through four life-cycle stages, each with its own issues and considerations. Citi Personal Wealth Management's advisors can help you throughout the life of your business, from raising capital to transitioning to new owners—or to the next generation.

## Startup

- **Funding your business**—Leveraging your assets to equip your staff and business.
- **Optimizing your cash management**—Separating your business and personal banking; setting up banking and cash management systems that streamline your day-to-day finances and save you time and money.
- **Choosing a legal structure**—Structuring your business to provide maximum legal protection and tax advantages.

## Growth

- **Meeting operating costs**—Accessing capital for meeting recurring expenses and acquiring inventory and equipment.
- **Funding growth**—Using financing to fund acquisitions, facilities expansion, and other major initiatives.
- **Attracting and retaining top talent**—Choosing and implementing a retirement plan for your employees.
- **Managing relationships**—Cultivating good relationships with customers and vendors, informed by an understanding of their needs.

## Continuation

- **Safeguarding your business against the unexpected**—Building in systems to keep your business operating without interruption should you die unexpectedly or if you are unable to manage your business for an extended period because of an illness or injury.
- **Averting catastrophic financial loss**—Making sure you have adequate insurance coverages, including life, disability, long-term care and key person.

## Succession

- **Determining the future of your business after you leave**—Creating a plan to keep your business in the family, sell it or transfer it to a designated successor upon your retirement.
- **Protecting your financial interests**—If you decide to sell your business to an outside buyer, drafting a transfer agreement that protects the financial interests of your family and heirs and ensures a smooth transition for your employees. This is an ideal time for you to have your advisor coordinate with your tax advisor or accountant.

Simplify your day-to-day finances, make your money work harder and save time.

# Cash management and banking

Cash makes it possible to run your business. Cash management enables you to run it efficiently. Citi can help you choose the cash management and banking products and services you need to stay on top of your accounts and balances, giving you more time to run—and grow—your business. They include:

- **Business checking**—Choose from a selection of business checking options based on the size of your company, your monthly transactional volume and how you prefer to handle your banking needs. All Citibank business checking accounts offer flexibility, convenience and FDIC insurance.
- **Citi Merchant Services**—Accepts most types of payments, including checks, credit and debit cards, and you receive funds as early as the next business day.<sup>1</sup>
- **Citibank Remote Check Deposit**—Scan and deposit checks easily right from your office up to 6 p.m. local time, saving time and money while giving you earlier access to funds.<sup>2</sup>
- **Payroll management**—CitiBusiness Payroll Manager can handle all your business's payroll processing needs, including calculation and filing of payroll taxes.<sup>3</sup>
- **Online banking**—Access and manage your accounts and conduct transactions anytime, from anywhere in the world, when it is most convenient for you.
- **Lockbox services**—Route customer payments to a Citibank lockbox to speed processing and turn paper checks into usable funds faster.
- **Foreign Exchange and Trade**—With a presence in over 140 major and emerging markets, rest assured that Citibank will be able to assist you, no matter where your business takes you.

Small businesses represent 99.7% of all employer firms in the United States and pay 44% of total U.S. private payroll.

Source: United States Small Business Administration

<sup>1</sup> Citi Merchant Services is offered by First Data Merchant Services Corporation. Transactions need to be batched and sent to First Data by 11 p.m. ET for funds to be available in your Citibank business checking account after 12 p.m. ET the following banking day. Transaction details may not be reflected until the second business day.

<sup>2</sup> Must be approved for use of service. Certain other restrictions apply.

<sup>3</sup> CitiBusiness Payroll Manager is a service provided directly by SurePayroll, Inc., a third-party provider unaffiliated with Citibank, N.A.

Accounts, programs, products and services are subject to termination or change at any time without notice. All accounts and services are subject to approval.

Success creates the potential for greater financial rewards—and more complex needs.

# Lending and finance

Capital is the lifeblood of any company, and securing credit can be a challenge. As your business grows, your lending and finance requirements grow with it.

Whether you're expanding in your neighborhood, a new market, a region or a business line, Citi can help you meet short-term cash flow needs and fund your business's longer-term growth opportunities.\*

Eighty-six percent of businesses use some type of credit from a financial institution. Seventy-six percent use a credit card, 47% use a line of credit, and 31% use a business loan.

Source: *Financing Small Businesses: Small Business and Credit Access*, William J. Dennis, Jr., NFIB Research Foundation, January 2011

- **Business lines of credit**—A revolving line of credit, such as a Citibank Business Credit Account, can be used for ongoing expenses such as payroll or office rent, buying equipment or inventory, or taking advantage of promising opportunities.
- **Overdraft protection**—Checking Plus® is a revolving line of credit that automatically transfers funds to your checking account to provide overdraft protection.
- **Business installment loans**—Offering the benefit of a fixed repayment schedule, an installment or term loan is often a smart choice for growth-stage businesses looking to build, buy or rent office or plant space, lease equipment, make an acquisition, or finance other major initiatives requiring large capital expenditures.
- **Business credit cards**—Citibank's credit card offerings make it easy to manage and track everyday expenses and even monitor and set credit limits for each employee.
- **Nonpurpose loans**—For new businesses, a Portfolio Line of Credit can provide an important alternative to borrowing from friends or charging expenses to a credit card. Portfolio Line of Credit gives you access to capital whenever you need it and eliminates the need to liquidate your assets since it is collateralized by the securities in your brokerage account. But you don't pay interest until you actually use the money, and there is no preset repayment schedule.

\*Lending may not be suitable for everyone. Speak with your advisor for more information on the risks. The products listed here may not be available to everyone. Availability is based on the lending programs' qualification requirements.

## A benefit for your employees— and your business

# Employee retirement plans

A retirement plan can figure importantly in the compensation package you offer, helping you attract and retain employees. We can advise you on choosing and implementing a plan that is both competitive and cost-effective. The most popular plan categories include the following:

Many small-business owners do not know about low-cost retirement plan options. One-third of small businesses that do not offer retirement plans have never heard of SIMPLE IRAs, and 54% have never heard of SEP IRAs.

Source: The 2000 Small Employer Retirement Survey (SERS) Summary of Findings, Employee Benefits Research Institute (EBRI), 2000

- **SIMPLE IRAs**—A SIMPLE IRA program—the acronym stands for Savings Incentive Match Plan for Employees—is easy to set up and manage and is best suited to firms with 100 or fewer employees. The owner and employees can contribute up to \$11,500 each year. As the owner, you'll also be required to contribute an additional 2% of each employee's annual compensation.
- **SEP IRAs**—A SEP (simplified employee pension) IRA is also easy and inexpensive to administer, but it is funded entirely by the business owner. As owner, you can contribute as much as 25% of annual compensation, up to \$49,000. Because of this higher limit, SEP IRAs are often used by sole proprietors.
- **Profit-sharing plans**—Like SEP IRAs, profit-sharing plans are owner-funded and impose a 25%/ \$49,000 contribution cap. Vesting features support employee retention, since workers must remain with your company for a specified number of years to receive all the contributions you've made on their behalf.
- **Money purchase plans**—These flexible defined contribution plans require you, as the owner, to contribute a fixed percentage of each employee's salary every year within a 25%/ \$49,000 limit.
- **401(k) plans**—These plans are usually funded by employees, while you, as the employer, may make a matching contribution as well as discretionary profit-sharing contributions. As with profit-sharing plans, you can set up a vesting schedule for your share of the contributions.



Secure the value of what you've built—  
for your family and future generations.

# Business continuation and succession

Your business probably represents a large portion of your family's income and net worth, so you need to know that it can continue to operate should the unexpected occur. Citi's risk management specialists can help you determine the types and amounts of insurance you'll need, including life, disability and key person coverage, to maintain uninterrupted operations and avert serious financial loss in the face of an emergency.

Only 30% of family-run businesses survive into the second generation; only 12% survive into the third.

Source: familybusinesscenter.com, 2009

If you're nearing retirement or considering exiting your business, it's important to be thinking about who will run things when you're no longer in the picture. We can work with you in developing a plan for keeping your business in the family, or for transferring ownership in a way that secures your interests, ensures a smooth transition for your employees, and yields maximum benefits for your family and heirs. Choices include:

- **Outright sale**—You may use the proceeds from a sale to help fund your retirement, pay estate taxes or fulfill another objective. We can help you determine a valuation of your company, identify potential buyers and negotiate the sale.
- **Buy-sell agreement**—This is a pact between co-owners that determines what happens if one should leave the business for any reason. It specifies who can and cannot buy your share if you leave and sets the price to be paid.
- **Gifting**—Each year, you are allowed to give up to \$13,000 per person to as many people as you like without paying gift tax. Over time, such gifts can constitute a significant share of the business—a key benefit if you plan to pass ownership to your children. In addition, each gift reduces the taxable portion of your estate.
- **Family limited partnership (FLC)**—Usually set up as an ownership agreement between parents and their children, an FLC can be used to remove a large portion of the value of the business from your estate.



## Reap the personal rewards of your business's growth

# Managing your investments

If your business thrives, the proceeds from it may make a significant difference in your personal wealth and your family's financial future. But how will you invest what you've built? If you lack the time to actively manage your assets or would simply prefer a more hands-on role, Citi can help. Backed by far-reaching global resources and research capabilities, Citi Personal Wealth Management's comprehensive investment platform is designed to involve you as much or as little as you wish—either online or with the help and guidance of a Citi Personal Wealth Management advisor.

Thirty-four percent of small-business owners, compared with only 18% of nonowners, would accept substantial or above-average risk in pursuit of financial gain.

Source: *Business Owners, Financial Risk and Wealth*, Ewing Marion Kauffman Foundation, July 2010

- **Traditional investments**—Choose from U.S. and international equities, fixed income securities, mutual funds, exchange-traded funds (ETFs), options, cash instruments and other traditional investment products.
- **Alternative investments**—Citi Personal Wealth Management's alternative investment offerings include hedge funds, private equity, structured products, managed futures and real estate.
- **Tax-efficient investing**—Your Citi Personal Wealth Management advisor can talk to you about products, investments and strategies designed to help you reduce your tax liability and keep more of your assets.
- **Insurance products**—As you invest for the future, it's important to plan for the unexpected. Your advisor can help you determine the types and amounts of life, disability and long-term care coverage you'll need to protect your investments and your financial goals.
- **Managed accounts**—Citi Personal Wealth Management offers separately managed accounts, multimanager accounts, and managed mutual fund and ETF programs, diversified across asset classes and investment styles and customized to your preferences, goals and tolerance for risk.
- **Citigold®**—Combine your investment, banking, credit, insurance and retirement account information in one place with Citigold, Citi's premier account relationship.

Your financial life is more than  
the sum of its parts.

# Financial and wealth planning

Every component of your financial life—investing, banking, borrowing and wealth management—is part of an integrated whole. That’s why our approach is designed to help you manage both business and personal finances. In addressing your financial needs—and helping you plan for your financial future—we view nothing in isolation.

## **How do you picture your financial future?**

Chances are you’ve thought a lot about your future and what you want for yourself and your family. Perhaps you’re looking ahead to sending your children or grandchildren to college and to having a satisfying retirement.

But which goals are your top priorities? Are you on track to achieve them while also meeting shorter-term goals and cash flow needs? A Citi Personal Wealth Management advisor can help you define and articulate your goals, using Citi Clarity<sup>SM</sup>, our proprietary wealth management process.

With a clear understanding of what you want to achieve, your advisor will build a tailored financial strategy that helps address all the elements of your financial life. Once your plan is in place, your advisor will periodically review it with you, recommending modifications as necessary to keep your personal and business finances working together toward your goals.

## **Grow and protect one of your most valuable investments**

Whether your business is well established or still in the planning stages, Citi Personal Wealth Management is committed to helping you achieve your financial objectives for yourself and those you care most about.

**To learn more about Citi Personal Wealth Management’s strategies for small businesses, speak to a Citi Personal Wealth Management advisor.**



Since life insurance is medically underwritten, you should not cancel your current policy until your new policy is in force. Your actual premiums may vary from any initial quotation you receive. A change to your current policy may incur charges, fees and costs. A new policy will require a medical exam. Surrender charges may be imposed, and the period of time for which the surrender charges apply may increase with a new policy. You should consult with your own tax advisors regarding your potential tax liability on surrenders.

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- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the Fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- manager risk.

Individual funds will have specific risks related to their investment programs that will vary from fund to fund.

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