Helping businesses attract and retain key talent

Goals

- Reward and retain key people for their contribution to the company's success
- Provide key person protection for the business
- Provide the benefit of life insurance for the executive's dependents
- Potentially recover costs of the benefit

Ideal Candidate

Businesses with the following characteristics:

- Privately held
- Executives between ages 35-65
- Concerned with retention of key executives

This strategy can be a fit for executives, managers, sales professionals and other highly compensated employees, as well as the business owner(s) in some situations.

Solution: Split-Dollar Executive Compensation

This strategy utilizes an **endorsement split-dollar** executive compensation arrangement. A business agrees to split the death benefit from permanent life insurance coverage on a key employee. The company endorses a portion of the death benefit to the executive as a pre-retirement survivor benefit for the executive's beneficiaries and retains the remaining benefit.

Primary Benefits

1. Economical death benefit for the executive
2. Business receives key-person protection from the remaining death benefit
3. Business may recover its costs
4. Employer has flexibility to use the policy's cash value for business purposes
5. Business may transfer ownership to the executive at retirement

How It Works

While the executive is working

- Company purchases a permanent life insurance policy on the life of the executive and pays all premiums
- Company owns the policy and endorses a portion of the death benefit to the executive as a pre-retirement survivor benefit
- Executive is taxed on the economic benefit of the premium based on the issuing insurance company's term rates or a table of rates provided by the IRS

When the executive retires

- The arrangement is terminated
- Company retains ownership of the policy
- Company may choose to transfer the policy to the executive as a taxable bonus
- When the executive dies, the company recovers the cost of the arrangement through the death benefit proceeds of the policy

If the executive dies while employed by the company:

The company receives a portion of the death benefit to recover its costs; the executive's beneficiaries receive the balance.