

BUSINESS PROFILE

Help businesses attract and retain key talent

Supplemental executive retirement plan

Your sales opportunity

Business owner(s) wishing to:

- Reward and retain their key people for their contribution to the company's success
- Supplement a 401(k) program, in which executives may be limited in their contributions
- Recruit key talent and foster loyalty with key employees, while helping ensure business continuity

Solution: supplemental executive retirement plan

A supplemental executive retirement plan (SERP) is an executive compensation strategy. The business sets aside funds to pay retirement benefits to key employees' sometime in the future.

Three valuable features

1. In the event of the key employee's death, the business receives a tax-free death benefit
2. Key employee receives retirement income
3. Policy's cash value can serve as a source of funds for the key employee in the event of disability

Target client

Businesses with the following characteristics:

- Over 50 employees
- At least 10 years old
- Highly compensated employees facing limits on their 401(k) contributions

Candidates

Sales professionals

Managers

Executives

Other highly compensated employees

Not considered candidates

Business owners

Rank-and-file employees

How it works

1. Company and key employee implement an agreement, drafted by a licensed attorney, specifying:

- The plan type – defined contribution or defined benefit – details of employer contributions, a method of crediting earnings, and a vesting schedule if desired.
- The benefit that will be paid to the executive at retirement.



2. Company determines how the plan will be funded:

- The plan must be unfunded in order to obtain the preferable tax and ERISA treatment.
- The company should consider an informal funding method to meet its obligations under the plan.
- As an informal funding vehicle, permanent life insurance offers tax-deferred growth potential and tax-advantaged access to policy values:
 - Company is owner and beneficiary of the policy. The employee is typically the insured but has absolutely no rights or ownership in the life insurance policy.
 - Company may choose to provide SERP retirement benefits on a tax-advantaged basis through policy loans and withdrawals.





Learn more

Do you have business owner clients who could benefit from a nonqualified deferred compensation plan to attract and retain key employees? We can help - call our Advanced Sales Team today: **1-888-413-7860**, option 3.

1. Key employees must be either highly compensated employees or management.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

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