Individual Life Insurance
Employer-Financed Life Insurance

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

Keep your top talent and protect your business

A life insurance benefit for executive compensation

You want to reward your top people for their hard work and dedication. But how meaningful is a cash bonus when you could also provide enhanced financial protection for their family?

Consider offering key executives[1] an alternative to traditional cash compensation: **Employer-financed life insurance. This collateral assignment split-dollar strategy provides:**

- An incentive to remain with the company
- A pre-retirement death benefit to the executive's beneficiaries
- A potential supplemental retirement benefit for the executive
- Potential for cost recovery

Why is life insurance an ideal tool?

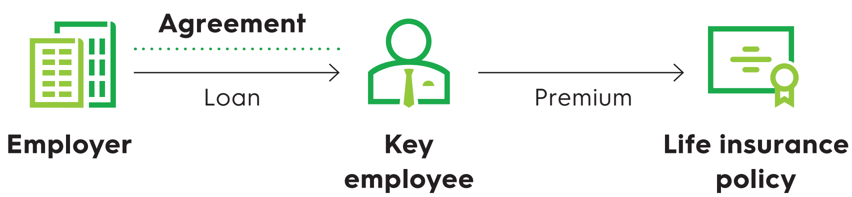
Permanent, cash value life insurance can be an excellent benefit to provide your key people while they are employed by you:

- The key employee owns and is insured by the policy, but the policy is assigned to your company as collateral
- The policy's cash value can grow tax-free
- The executive retains ownership of the policy and has access to the policy's cash value in retirement and after the loans are repaid

How does a collateral assignment split-dollar work?

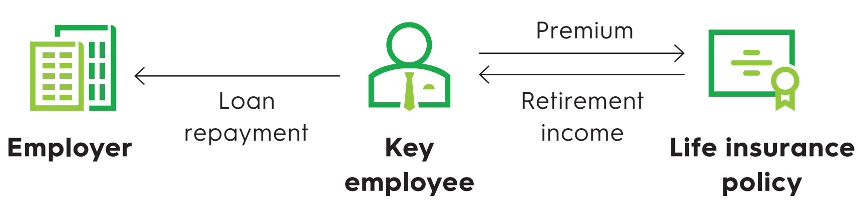
While executives work for you:

- They purchases a life insurance policy
- Working with a licensed attorney, you establish a split-dollar agreement that collaterally assigns a portion of the death benefit to your company
- Each executive owns the policy and pays the premium with a loan or series of loans from the company



When an executive leaves the company or retires:

- The arrangement is terminated
- Your company receives an amount equal to the premiums paid, plus interest
- The executive may retain the policy, continue to make premium payments and access the policy's cash value for potential supplemental retirement income



If the executive dies during the term of the loan, a portion of the policy's death benefit provides repayment to your company, and the executive's family receives the remaining death benefit amount.

Why use employer-financed life insurance?

Company benefits

Provide benefits to select employees

Potential cost recovery

Key employee benefits

Death benefit coverage while working

Potential supplemental retirement income

Why not use employer-financed life insurance?

Company considerations

Loans are not deductible

Requires drafting of legal split-dollar agreements by a licensed attorney

Split-dollar agreements may be subject to Internal Revenue Service (IRS) guidelines for nonqualified deferred compensation

Policy is ultimately owned by the executive

Key employee considerations

Must make annual interest payments on loaned premium or it will be considered taxable income

Life insurance cash value is assigned to the company while the collateral assignment split-dollar agreement is in place

Our products and services can help ensure the ongoing success and growth of your business

Learn more

Contact your financial professional to find out how you can retain your top talent with employer-financed life insurance.

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

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

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

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. You/Clients should consult your/their tax advisor when considering taking a policy loan.

Withdrawals may be subject to taxation within the first 15 years of the contract.

This information should not be considered as specific tax/legal advice. You should consult your tax/legal advisor regarding your own specific tax/legal situation.

The policy design you choose may impact the tax status of your policy. If you pay too much premium your policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59½ may also be subject to an additional 10% penalty tax.

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Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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