

Executive Benefits Overview

Quick Reference

An executive* benefit plan can be established between any type of business entity and its executives. However, such plans are generally more appropriate for: C corporation owners and executives; and non-owner executives of other business entities.

| | Key Person Insurance | Executive Bonus | Endorsement Split Dollar | Collateral Assignment Split Dollar | Nonqualified Deferred Compensation |
|----------------------------------|----------------------|---|--------------------------|--|------------------------------------|
| POLICY OWNER | EMPLOYER | EXECUTIVE | EMPLOYER | EXECUTIVE | EMPLOYER |
| Designates Beneficiary | Employer | Executive | Executive and Employer | Executive – Subject to Employer’s Collateral Assignment | Employer |
| Control of Policy Cash Value | Employer | Executive – May be subject to Employer’s rights in Restricted Executive Bonus Agreement | Employer | Executive – Subject to Collateral Assignment of greater of cash values or premiums to Employer | Employer |
| Selective Participation | Yes | Yes | Yes | Yes | Yes |
| Tax Deductible by Employer | No | Yes – When paid to Executive | No | No | Yes – When paid to Executive |
| Timing of Benefit Payment | Delayed | Immediate | Delayed | Delayed | Delayed |
| Golden Handcuffs | No | No – Limited if Restricted Bonus Agreement | Yes | Yes | Yes |
| Potential Employer Cost Recovery | Yes | No | Yes | Yes | Yes |
| Subject to Employer Creditors | Yes | No | Yes | Yes | Yes |

*“Key Person” can be interchanged with word “executive”

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