

InsuranceWorks, INC.

At work

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Types of Executive Benefits Plans: Funded with Life Insurance

Executive compensation is crucial for any business that competes for top-flight talent. InsuranceWorks offers a number of products that can help keep your benefits packages attractive.

401(k) Look-Alike Plans

A non-qualified 401(k) look-alike plan with life insurance gives your valued executives the opportunity to defer larger amounts of pre-tax income. As an employer, this type of plan:

- Helps you attract and retain top performers
- Can be implemented on its own or in conjunction with an existing qualified plan
- Avoids the stringent IRS requirements of qualified plans.
- Requires minimal ERISA compliance when properly structured
- Can be informally funded with life insurance
- Can provide cost recovery through the income tax-free death benefit.

Non-qualified Deferred Compensation Plans

To overcome the limits of qualified retirement plans, many employers are offering top executives something extra – a non-qualified deferred compensation plan. Under this voluntary arrangement, each selected executive elects to defer a certain amount of future income (deferral can be salary or bonus). Upon retirement, you pay the executive his or her deferred compensation as additional retirement income.

Supplemental Employee Retirement Plans (SERP)

A SERP provides the additional benefits desired by executives, and they allow you, as the employer, to maintain control. By implementing a plan that imposes “golden handcuffs” – restrictions that can reduce or even cause the loss of benefits for the executive if they leave your firm – you ensure a cost-effective method of rewarding and retaining talented management.

Executive Bonus Plans

An executive bonus plan is a way for the employer to “bonus” the employee an amount of money used to fund a life insurance policy. The employee simply pays income tax on the bonus applied as premium. In future years, the employee can draw on the cash value of this policy through loans or withdrawals, and in the event of his or her death, the employee’s family receives the death benefit.

Split Dollar Plans

This type of plan lets you buy the full amount of life insurance coverage you need without paying the premiums personally – the business pays them instead. Your cost is the “economic benefit value” of the life insurance protection. The business is able to recover the greater of the premiums it pays or the policy’s cash value from the policy death benefit upon your death.

You May Benefit from Short Term Assistance

A short term policy can be beneficial if you find yourself in a situation where you will be without coverage from one to six months.

Many people find themselves between starting a new job and waiting for their new benefits to start, due to the fact that many employers require all employees have coverage of some type.

Many newly graduated students find themselves reaching the end to the security of their parent’s policy. Temporary protection is valuable to anyone who might be awaiting more secure permanent coverage.

With flexible payment options and the various plans that are available, it is easy to have security and peace of mind.



Visit www.insuranceworksky.com for information on the products we offer and valuable resources for you and your business.

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