

Executive AdvantageSM

Loan Regime Split Dollar - Opportunity tracker

Executive Advantage, a loan regime split dollar plan with North American, allows business owners to incentivize and retain select employees with life insurance.

FUND A LIFE INSURANCE POLICY WITH LOAN SPLIT DOLLAR

Benefits for business owners:

- No discrimination tests or criteria - the employer can freely choose who among their top employees will receive the benefit
- No IRS pre-approval required
- Flexible plan design and exit options
- Alternative to giving away equity in the company
- Ability to recoup premium costs at retirement, termination, or death, tax-free to the employer
- Helps recruit, retain and reward top employees

Benefits for employees:

- Generally tax-free death benefit and no tax obligation during funding or in retirement
- Opportunity to obtain life insurance for minimal expense
- Immediate ownership of the policy
- An alternative to partial interest in the company

List the names of three business owners and/or executives that could benefit from this strategy.

Business/owner: _____

Executive 1: _____

Premium Amount: _____

Executive 2: _____

Premium Amount: _____

Business/owner: _____

Executive 1: _____

Premium Amount: _____

Executive 2: _____

Premium Amount: _____

Business/owner: _____

Executive 1: _____

Premium Amount: _____

Executive 2: _____

Premium Amount: _____

Under a split dollar agreement that is classified as a welfare benefit plan, the employee must belong to a select group of management, which includes quantitative and qualitative elements. To meet the quantitative standard, plans should be limited to the top 15% of the workforce. To meet the qualitative test, a significant disparity should exist between the average compensation of the top-hat group and the average compensation of all other employees.

Under a loan split-dollar arrangement, the employee enters into an agreement with the employer. North American Company for Life and Health Insurance are not a party to this agreement and North American's only obligation is to administer the policy it issues (consistent with the policy's terms and conditions).

The parties to the loan regime split-dollar arrangement should seek their own independent legal and tax advice as to whether and how to enter into a loan regime split-dollar arrangement based on the employer's and employee's unique circumstances.

Neither North American nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

Sammons Financial[®] is the marketing name for Sammons[®] Financial Group, Inc.'s member companies, including North American Company for Life and Health Insurance[®]. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, North American Company for Life and Health Insurance.