

Executive Retention+ in action

Hypothetical life insurance case study

Your client owns and operates a successful medical clinic. He employs an associate physician who recently joined the practice — and she's already become a key contributor, building a loyal client base and driving significant revenue.

The problem

The owner views this associate as both a **critical asset** and a **potential successor**, but he has several concerns:

- What happens to the business if the key employee passes away?
- What if she leaves for another opportunity?
- How can he successfully transfer ownership of the clinic one day?
- Traditional retention plans don't fully address his complex goals.



A solution

Executive Retention+ is a life insurance sales strategy that can help your client meet all his business goals with just **one** permanent life insurance policy.

The plan can have up to four components:

- 1. Key person protection** – protects the business if the key employee passes away.
- 2. Endorsement split dollar** – shares part of the death benefit with the employee's family.
- 3. Retention bonus** – provides an incentive for the employee to stay long-term.
- 4. Buy-sell agreement** – establishes a clear path for future succession.



How it works



The clinic purchases a **Builder Plus IUL® 4 indexed universal life (IUL) insurance policy** on the key employee with a \$1 million death benefit. The clinic is the **owner, premium payer, and beneficiary**. If the employee passes away, the clinic receives the death benefit to help offset lost revenue and replacement costs.



The clinic endorses **\$400,000 of the death benefit** to the employee's family. If the employee passes away, her family receives \$400,000, while the clinic receives the remaining \$600,000 for financial recovery.



To encourage loyalty, the clinic adds a **\$400,000 bonus** if the employee stays **15 years**. The bonus can be funded with the policy's potential cash value.



Finally, a **buy-sell agreement** is put in place to define how ownership will transfer when the owner retires. The employee can use her bonus to help purchase the clinic, establishing a clear and mutually beneficial succession plan.

Benefits for the owner:

- Helps protect the practice from financial loss.
- Helps retain a valuable employee with a strong incentive.
- Helps create a clear, funded plan for business succession.
- Can meet multiple objectives with ONE life insurance policy.

Benefits for the key employee:

- Helps provide financial protection for her family.
- Offers a generous future bonus.
- Can create a clear path to ownership.
- Can help align her success with the practice's success.

Ready to write an Executive Retention+ case? Contact your **North American upline** to get started.

While the primary use of life insurance is death benefit protection, your clients may also have other needs that can be met through life insurance. The sales concepts and accompanying marketing materials may help you broaden your sales potential. As independent contractors, it is up to you to choose which of these concepts may work for your particular sales strategy and clients, and which do not. Please note that North American Company does not require you to use any of these sales concepts; they are resources that can be used at your discretion for your own individualized sales presentations.

Indexed Universal Life Insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Under an endorsement split dollar arrangement, the employee enters into an agreement with their employer. North American is 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.

Under an endorsement split dollar arrangement, the value of the life insurance afforded the employee is taxable to the employee. The employer should provide the employee with tax reporting based on requirements specified in the tax code. The parties to the endorsement split dollar arrangement should seek their own independent legal and tax advice as to whether and how to enter into an endorsement split dollar arrangement based on the employer's and employee's unique circumstances.

Hypothetical examples are not intended to predict future performance. The use of alternate assumptions could produce significantly different results.

Builder Plus IUL®4 is issued on the state version of policy form PI00/ICC22P100 including all applicable endorsements and riders, by North American Company for Life and Health Insurance®, West Des Moines, IA. Products, features, riders, endorsements, or issues ages may not be available in all jurisdictions. Limitations or restrictions may apply.

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.