REQUEST FOR PROPOSAL

Executive Retention+

Use this checklist when gathering information from your client to help make the case design and underwriting process for an Executive Retention+ life insurance case faster and more efficient. Complete a separate document for each person entering into an Executive Retention+ agreement.

Agent contact

Agent/requester's name: ______________________

Phone: ______________________ Email: ______________________

Agent name (and designations) for illustration: ______________________

Agent address: ______________________

Agent code: ______________ Client appointment date and time: ______________

Agreement details

Employer name: ______________________ Employer tax bracket: ______________

Business structure:

☐ C-Corp ☐ S-Corp ☐ Sole Proprietor ☐ Partnership ☐ Professional Corporation

☐ LLC taxed as:

☐ C-Corp ☐ S-Corp ☐ Sole Proprietorship ☐ Partnership

If non-profit type:

☐ Government ☐ Private

Executive name: ______________________ Executive tax bracket: ______________

Executive date of birth: ______________ Executive annual income: ______________

Is the Executive being considered for future ownership? ☐ Yes ☐ No

Executive rate class assumption: ☐ Preferred Plus Non-Tobacco ☐ Preferred Non-Tobacco ☐ Standard Non-Tobacco ☐ Preferred Tobacco ☐ Standard Tobacco ☐ Table Rating:_____

State of issue: ______________ Gender: ☐ Male ☐ Female

Key person

Which of the following impacts would occur due to the death of this key person?

- ☐ Cost of temporary replacement
- ☐ Cost of recruiting/training permanent replacement
- ☐ Profit losses due to decreased sales
- ☐ Profit losses due to delay or cancellation of project
- ☐ Replacement/outsourcing of specialized knowledge
- ☐ Loss of buess value to stockholders
- ☐ Loss of guarantee on business loans
- ☐ Business continuity (loss of an owner)
- ☐ Other___________________________

How many years of coverage are needed? ______________ What amount of death benefit is needed? $_______________

What type of coverage is desired?

☐ Term life insurance ☐ Guaranteed universal life insurance ☐ Indexed universal life insurance

What valuation method was used to determine death benefit amount?
Note: These are not additive. Be sure to select only one.

- ☐ **Multiples of income method** - Simply multiply the key employee's salary by a factor. For example 100,000 x 10 = 1,000,000 death benefit
- ☐ **Replacement cost method** - Based directly on the incurred costs assoicated with a replacement (i.e. salary, ongoing expenses for hiring and training, as well as costs associated with lost revenue).
- ☐ **Contributions to earnings method** - Calculated based on the amount of profits (%) directly contributed by the key employee. This figure is them multiplied by the number of years needed to train a replacement (e.g. 40% of company profits x 3 years of training = ___________)

Endorsemement split dollar (if included)

Option A: Company retains greater of premium or cash value, with balance to key employee

Option B: Key employee receives a set amount of $_________________________

Payment of economic benefit:

☐ Out of pocket ☐ Bonus ☐ Double bonus

Agreement termination (select all that apply):

☐ Years of employment ☐ Retirement at age ______ ☐ Termination of employment ☐ Other _______________

Note: make sure Agreement is terminated at or prior to completion of service period that triggers the payment of retention bonus.

Retention bonus

Amount of bonus $ ______________ or other_______________explain _____________________________________

Bonus paid in year_____________________

Type of bonus arrangement

☐ Standard executive bonus

☐ Double bonus

Post bonus

☐ **Business purchase:** Key employee is intending to purchase the business in the future and does not intend to use policy for retirement income

☐ **Retirement income:** Maximum set amount for ___________(years) beginning in year_________or $______________(amount) from year_____________ to _____________

Note: make sure starting year is after retention bonus is paid to key employee

When you're ready to proceed with the application, include the following:

1. Certification of Business Signing Authority form (27096) and Endorsement Split Dollar Certification* (2340)
**Only if endorsement split dollar is included as part of plan.*

2. A copy of the Notice of Employer Intent for Corporate-Owned Life Insurance (COLI) in compliance with IRS 101 (j)

3. A cover letter to aid in the underwriting process

4. Optional - include this checklist

Submit to individual Advanced Markets team member or
to the Advanced Markets team inbox at advcasedesign@sfgmembers.com

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.

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.

To ensure the death benefit proceeds of any employer-owned policy retains its tax-favored treatment, it is essential to comply with the notice and consent requirements of IRC Section 101(j).

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