

# Golden executive match

Attract and retain key talent with a shared commitment  
and a long-term financial tool

## Your challenge

Employers commonly award cash bonuses to their key employees because they play a key role in growing the business. Often, these bonuses are spent shortly after receiving them and have minimal impact on key employee retention.

## A better solution

Instead of providing executive bonuses as cash payments, consider leveraging those dollars into a long-term financial tool for your key employees and a potential benefit for their families. This shared commitment demonstrates your appreciation of your employees' loyalty.

Cash value life insurance can be that tool and a golden executive match (GEM) strategy can be the solution. This simple, **tax-deductible** strategy can provide supplemental benefits to your key employees. You can be selective and reward only top performers.

## Why cash value life insurance?

Cash value life insurance is a long-term financial tool that provides a number of benefits during the key employee's entire life:

### While working

**Death benefit protection** provides funds to help ensure your employee's family is cared for financially, should the employee die unexpectedly

**Cash value** provides a source of funds that can be used during the key employee's lifetime, such as purchasing the business from you

### After retirement

**Death benefit protection** used for estate planning needs, including tax-efficient asset transfer to heirs upon the employee's death

**Cash value** provides supplemental retirement income

Because your  
business is  
your life

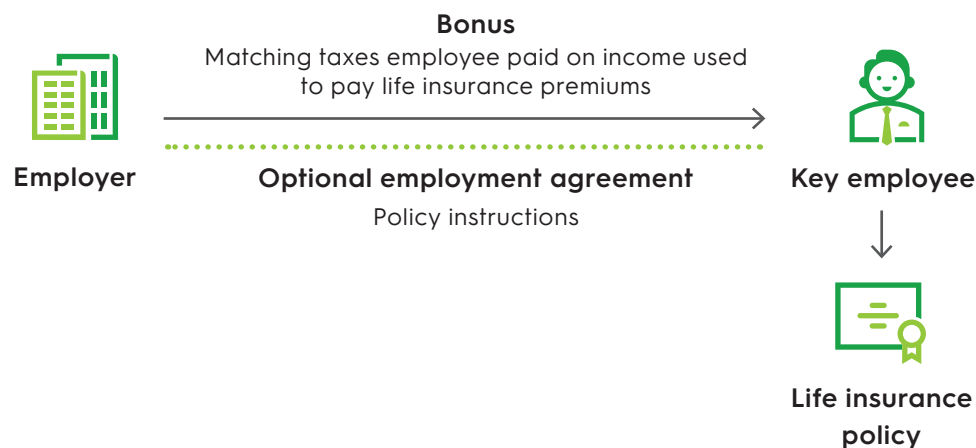
## How does a golden executive match with life insurance work?

- Your key employee takes out a personal life insurance policy and names a beneficiary.
- The employee pays premiums to Minnesota Life or Securian Life, a New York authorized insurer.
- You pay a **tax-deductible** cash bonus to the employee that matches what the employee originally paid in taxes on the income used to pay the premiums. The match mimics tax deferral for the premiums paid on the life insurance policy.
- Your key employee pays income taxes on the bonus amount. However, you may choose to pay the income taxes for the employee as an additional bonus.
- Optional policy instructions may accompany the policy, restricting the employee's access to the cash value as outlined in the employment agreement, if golden handcuffs are desired.
- Since the employee will own the policy, he or she may use the policy's cash value on a **tax-advantaged basis**.
- If the employee dies, the death benefit is payable to the beneficiary.

---

### Tax-advantaged basis

The premiums your employees pay into their cash value life insurance policies grow tax-free. When your employees are ready to use the cash value, there are several ways they can do so in a tax-advantaged manner.



## Why use a golden executive match strategy?

### Company benefits

#### Simple

- Straightforward implementation and administration
- Reported to IRS as wages
- No government reporting or IRS approval
- Minimal ERISA requirements
- Lower cost than a golden executive benefit arrangement or nonqualified deferred compensation plan

#### Cost-effective

- Deductible as a business expense
- Minimal cost to administer

#### Selective

- Choice of rewarding highly compensated employees or management
- No IRS qualifications
- No participation or eligibility rules

#### Flexible

- No required plan provisions
- Participation is controlled by the company
- No participation requirements, except employees must be highly compensated or management
- Customizable for each key employee
- Can be terminated at any time

#### Can encourage loyalty

- Golden handcuffs can be provided through employment agreement and policy instructions

### Key employee benefits

#### Death benefit protection

- Protection for the unexpected
- Income replacement

#### Flexible financial tool

- Cash value may serve as an “opportunity reserve” – an asset available to help fund future investment opportunities or purchases
- May be used to supplement retirement income

#### Portability

- Employee may choose to continue paying premiums on the policy or exercise any rights under the policy provisions

#### Tax benefits

- Tax-deferred growth of policy cash values
- Tax-advantaged retirement income through policy loans and withdrawals
- Income tax-free death benefits

## Why not use a golden executive match strategy?

### Company considerations

- Company does not receive the policy’s death benefit proceeds, should the employee die
- Company does not own the life insurance contract

### Key employee considerations

- Bonus is taxable income and will increase the employee’s current income taxes
- Less healthy individuals may have a more difficult time being approved for life insurance coverage
- Company may restrict access to policy cash value until employment obligations are met under a “golden handcuffs” agreement
- Policy loans and withdrawals reduce the death benefit and surrender value – and may be taxable under certain circumstances
- To continue coverage, employee may need to increase premium payments, depending on policy experience

**At Securian Financial,  
we're here for family.  
And we're here  
because of it.**

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.



## Learn more

Want to ensure the ongoing success and growth of your business? Contact your financial professional today to find out how you can implement a golden executive bonus strategy.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of voiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

This is a general communication for informational and educational purposes. The information is not designed,

or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. If you are seeking investment advice or recommendations, please contact your financial professional.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

Securian Financial is the marketing name for Securian Financial Group, Inc., and its subsidiaries. Minnesota Life Insurance Company and Securian Life Insurance Company are subsidiaries of Securian Financial Group, Inc.



PREPARE  
PROTECT  
SECURE

[securian.com](https://securian.com)

400 Robert Street North, St. Paul, MN 55101-2098  
©2025 Securian Financial Group, Inc. All rights reserved.

F71834-15 Rev 1-2025 DOFU 1-2025  
4136669