Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

BUSINESS PROFILE

# Help businesses attract and retain key talent

## Employer-financed life insurance

### Your sales opportunity

Business owner(s) wishing to:

- Reward and retain key people for their contribution to the company's success
- Provide an executive benefit of life insurance for the executive's dependents
- Provide key-person protection for the business
- Potentially recover costs of the benefit

### Solution: employer-financed life insurance

**Employer-financed life insurance** is a collateral assignment split-dollar executive compensation strategy. A business agrees to make a loan or series of loans to an executive in order to pay premiums on a permanent life insurance policy.[1] The policy insures the executive's life and is assigned to the company as collateral for the loan transaction.

### Three valuable features

1. Economical death benefit for the executive
2. Business can retain executive with loans for policy premium
3. Business may recover loaned premium when the agreement ends or if the executive dies

## Target client

Businesses with the following characteristics:

- Privately held
- Concerned with retaining key executives
- Executives ages 45-60

**Employer-financed life insurance may be offered to sales professionals, managers, executives and other highly compensated employees as well as the business owner(s) in some situations.**

## How it works

- The company loans money to an executive to pay premium on a permanent life insurance policy, which accumulates cash value.
- The executive purchases a policy. Working with a licensed attorney, the business owner establishes a split-dollar agreement that collaterally assigns a portion of the death benefit to the company.
- The executive names a beneficiary.


At rollout or at the executive's death, the company receives a portion of the policy's cash value equal to the premiums paid, plus interest. The executive or the executive's family retains ownership of the policy and may access its cash value as potential supplemental retirement income.

## Learn more

Do you have business owner clients who could benefit from an employer-financed life insurance strategy to attract and retain key employees? We can help - call our Advanced Sales Team today: **1-888-413-7860,** option 3.

1. Key employees must be either highly compensated employees or management. Key employee life insurance is subject to the notice and consent rules for employer-owned life insurance – IRS Sec. 101(j). Failure to comply with those rules will subject the death benefit to taxation.

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.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

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