



SIMPLIFYING THE COMPLEXITY OF NON-QUALIFIED DEFERRED COMPENSATION

INTRODUCING VALMARK'S NEW TURNKEY 5R SERVICES FOR BUSINESS OWNERS | RECRUIT RETAIN REWARD RETIRE RELAX

OVERVIEW

Many owners of small to medium-sized businesses are concerned about finding and keeping top talent in today's competitive job market. As a result, owners and highly compensated executives are highly interested in tax-deferred supplemental retirement benefits that go beyond the company's qualified plan restrictions.

COLI: A TAX-ADVANTAGED SOLUTION

Because of its inherent tax advantages and design flexibility, corporate-owned life insurance (COLI) is one of the most common vehicles for informally funding Nonqualified Deferred Compensation Plans (NQDC) and Supplemental Executive Retirement Plans (SERP).

A GROWING TREND

As the country begins its economic recovery, an increasing number of small/medium business owners and key executives are concerned about supplementing their 401(k) to save for retirement. Our improving economy is also creating a more competitive job market, and businesses face wage and benefit cost pressure to retain and attract top talent.

INTRODUCING VALMARK'S NEW TURNKEY 5R SERVICES

To help you capitalize on this timely opportunity, Valmark has partnered with several executive compensation market leaders (see page 2) to deliver a turnkey solution you can provide to your small to medium size business prospects. The 5R turnkey services are designed to give you more time to focus on your business. You provide the client data and serve as the advocate, and we take care of the rest, including a consistent process that involves:

1. PLAN DESIGN

- Define corporate and executive philosophies and objectives
- Review existing benefit programs to facilitate integration
- Deliver a thoughtful plan design

2. PLAN FUNDING

- Match funding strategies to your client's plan objectives
- Analyze funding vehicles based upon plan design, benefit structure and financial impact

3. PLAN ADMINISTRATION

- Plan implementation and communication
- Plan administration and on-going servicing and management.

HOW A COLI-BASED PLAN WORKS

- Corporate-owned life insurance policies are purchased on the lives of highly compensated executives. Solutions are typically accumulation-focused VUL policies with high early cash value.
- The corporation pays the premium, owns the policy, and is the beneficiary.
- Upon the key executive's retirement, death or disability, the corporation pays the promised benefit. This payment is generally tax-deductible to the business and taxable to the employee. Payments may be made from policy loans and/or withdrawals, or current cash flow.
- Upon the death of the key employee, the corporation receives the death benefit income tax free. It may use the proceeds to pay benefits due, creating a tax deduction for the business, or to offset the overall cost of the benefit program.