

Benefit Options | Plan Comparison



Participant-Funded Arrangements

	Split Dollar	Premium Finance Split Dollar	Executive Bonus	Premium Finance Executive Bonus	Split Dollar Side Account*
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Executive

Forgone Compensation	\$100,000 annually
Number of Years	5
Total Forgone Compensation	\$500,000
Tax Bracket	40%
Total Forgone Compensation After-Tax	\$300,000

Target Benefit at Age 68	\$50k tax-free annually	\$100k tax-free annually	\$71k tax-free annually	\$91k tax-free annually	\$33k annually
Total After-Tax Benefit	\$1,000,000	\$2,000,000	\$1,411,471	\$1,829,980	\$660,000
Earnings Needed on Forgone Compensation **	6.2% pre-tax earnings needed to match \$1.M tax-free from Split Dollar	9.66% pre-tax earnings needed to match \$2.M tax-free from Split Dollar	7.9% pre-tax earnings needed to match \$1.4M tax-free from RBP	9.2% pre-tax earnings needed to match \$1.8M tax-free from RBP	4.3% pre-tax earnings needed to match \$660K from Split Dollar
Death Benefit	\$135,926	\$220,909	\$327,407	\$603,289	\$123,070

Organization

Investment	\$500,000	\$500,000	N/A	N/A	\$500,000
Expense	(4,500)	(10,000)	(3,000)	(10,000)	(\$4,500)
Additional / Other Expenses					
Impact to Bottom Line	\$47,587	\$241,869	(503,000)	(510,000)	\$47,587
Loan Interest	\$52,087	\$251,869			\$52,087
990 Impact	Reduces reportable compensation Benefits not reportable	Reduces reportable compensation Benefits not reportable	Reporting Unchanged (aka still paid out as compensation today)	Reporting Unchanged (aka still paid out as compensation today)	Reduces reportable compensation Benefits not reportable
Balance Sheet Impact	Receivable (loan + interest)	Receivable (loan + interest)	N/A	N/A	Receivable (loan + interest)

Footnotes:
 AFR Schedule: 3.00%, 3.25%, 3.50%, 3.75%, 4.00%
 Illustrated Policy Crediting Rate: 5.50%
 Financed Loan Schedule: 3.20%, 3.40%, 3.60%, 3.80%, 4.00%, 4.20%, 4.40%, 4.60%, 4.80%
 Loan Interest Charged in Advance
 Outside Collateral Required: Yes. But we can design so there is no posting of outside collateral; there is additional interest rate risk when incorporating this structure
 Life Expectancy: Age 88

*Split Dollar Side Account: Incorporates life insurance and a side account. Assumed crediting rate is 5.5%.

**An additional 3% was added on yield to take into consideration; sequence of returns risk, capital gains tax, and management fees