

Executive Benefit Planning

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Ask Yourself...

What would the impact on your business be if a **key employee started his/her own business or went to work for a competitor?**

Are you making effective use of business dollars to help achieve your **personal financial security objectives?**

Objective:

Reward and Retain Key Employees

Issues to Consider:

- What is the value of your key employees to your business success?
- Do you have any selective benefit programs to assure the retention and loyalty of your key employees?
- What types of benefits are important to the people who are critical to your business?
- Are your current benefit plans meeting these expectations?

Objective:

Use Business Dollars to Help Satisfy the Owner's Personal Financial Security Objectives

Issues to Consider:

- If you had died or become disabled yesterday, would there be an adequate income to maintain your family's lifestyle today?
- Will you have the funds available to meet your education and/or retirement goals?
- Will your estate have sufficient liquidity to pay estate taxes and other settlement costs?
- Are you taking full advantage of business dollars to meet your personal financial security goals?

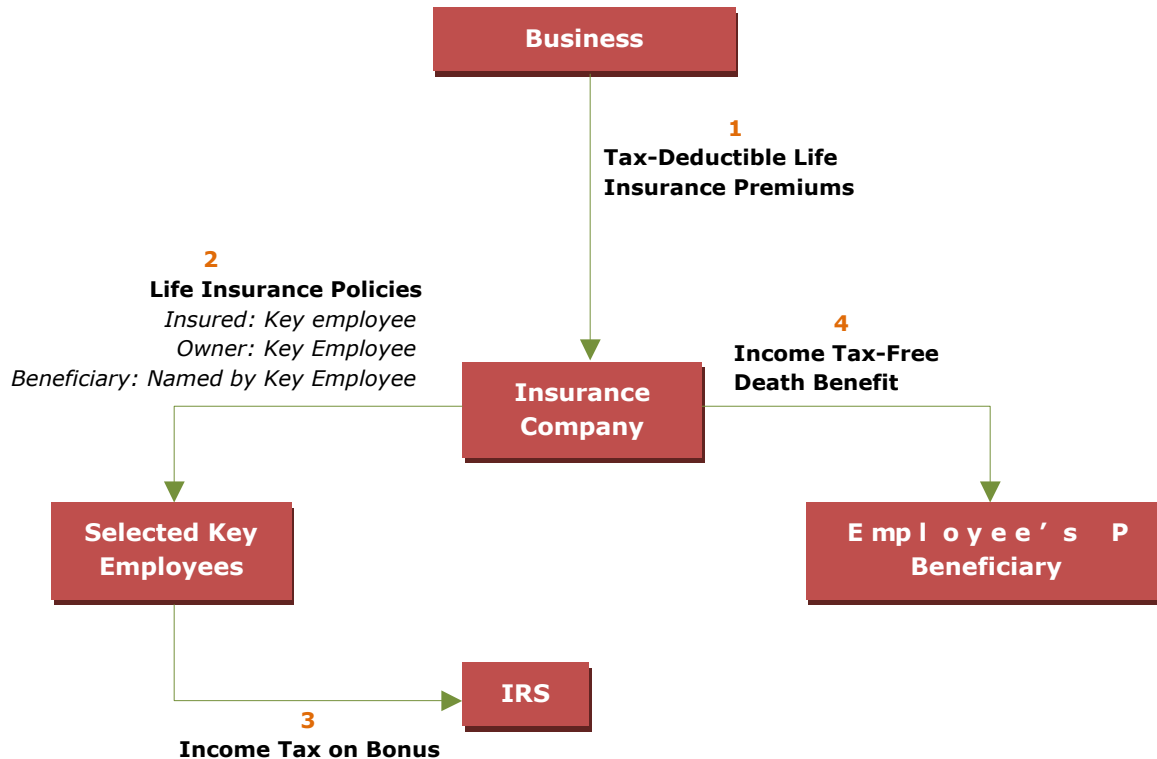


Executive Bonus Plan in Action

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Here's how an executive bonus plan could work to reward and retain your key employees...



1. The business agrees to pay the tax-deductible premiums for life insurance policies applied for by selected key employees.
2. Each of the selected key employees owns the policy on his or her life and names a personal beneficiary for the death benefit. While alive, the key employee controls the policy's cash value and is entitled to any policy dividends paid.
3. The cost to the key employee is the income tax due on the premiums paid by the business as a bonus.
4. At the key employee's death, his or her personal beneficiary receives the death benefit free of income tax.