

# Economic Benefit Split Dollar Plan

Opportunity tracker

**Name:** \_\_\_\_\_ **Agent code:** \_\_\_\_\_

**Email:** \_\_\_\_\_

A split dollar plan can share the life insurance premium cost and offer an incentive to retain select employees.

## FUND A LIFE INSURANCE POLICY WITH A SPLIT DOLLAR PLAN

### Benefits for business owners:

- No discrimination tests or criteria. The employer can freely choose who does and does not receive the benefit.
- No IRS pre-approval required.
- Flexible plan design and exit options.
- Alternative to giving away equity in the company.
- Ability to recoup premium costs at retirement, termination, or death, tax-free to the employer.
- The policy's cash value can be a balance sheet asset while owned by the company.<sup>1</sup>

### Benefits for employees:

- Generally tax-free death benefit.
- Opportunity to obtain life insurance for minimal expense.
- May be designed so the employee owns the policy and potential cash value during retirement.
- An alternative to partial interest in the company.

List the names of five business clients who could benefit from this strategy.

<b>Client name:</b> _____	<b>Age:</b> _____	<b>Gender:</b> _____	<b>Tobacco:</b> Y/N	<b>State:</b> _____
<b>Premium amount:</b> _____	<b>Retirement age:</b> _____	_____	_____	_____

  

<b>Client name:</b> _____	<b>Age:</b> _____	<b>Gender:</b> _____	<b>Tobacco:</b> Y/N	<b>State:</b> _____
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1. To ensure the death benefit proceeds of any employer-owned policy retains its tax-favored treatment, it is essential to comply with the notice and consent requirements of IRC Section 101(j). Under an economic split-dollar arrangement, your client enters into an agreement with their employer. North American Company is not a party to this agreement and North American Company's only obligation is to administer the policy it issues consistent with the policy's terms and conditions. Under an economic split dollar arrangement, the value of the life insurance afforded the employee is taxable to the employee. The employer should provide the employee with tax reporting based on requirements specified in the tax code. The parties to the economic split-dollar arrangement should seek their own independent legal and tax advice as to whether and how to enter into an economic split-dollar arrangement based on the employer's and employee's unique circumstances. Neither North American nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements. Sammons Financial<sup>®</sup> is the marketing name for Sammons<sup>®</sup> Financial Group, Inc.'s member companies, including North American Company for Life and Health Insurance<sup>®</sup>. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, North American Company for Life and Health Insurance.