

Executive Benefits Overview

Prepared by Your Name Here

When evaluating executive non-qualified benefit programs, it is important to realize each plan has unique attributes. Listed below are some of the major features of several plans.

	Executive Bonus	NQDC/SERP	Split-Dollar Endorsement	Split-Dollar Loan
Control of cash values	Executive has significant control.	Company has complete control.	Company owns, but shares control of death benefit with employee.	Company controls cash value equal to collateral assignment of loaned premium.
Restrictions on cash values	None.	Company controls the cash values.	Company controls the cash values.	Company may control cash value through loan arrangement*.
Tax deduction	Company deducts premiums immediately.	Company takes deduction when executive compensation is paid out.	None while plan is in place. Company deducts lower of policy's value or its basis in the policy if policy is transferred to EE.	None while plan is in place. Company can claim deduction if it forgives the loan.
Premium recovery	None.	Company may recover all or some of the cost (often from death benefit).	Company may recover all or some of the cost.	Company recovers its loan amount and loan interest.
Impact on company earnings	Premiums charged to earnings, but immediately deductible as executive compensation.	Records cash value as asset. Premium payment greater than the cash value increases is an expense. Accrues liability for NQDC / SERP benefit.	Records cash value as asset. Premium payment greater than the cash value increases is an expense.	Premium loan recorded as asset. Certain loan values are discounted to their present value.

* A demand loan allows the Company to force loan repayment at any time.

Please consult with your legal or tax advisor for specific advice.