Securian FINANCIAL®

Protection supplemental executive retirement plan (protection SERP)
Individual Life Insurance

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

BUSINESS PROFILE

Help businesses attract and retain key talent

Protection supplemental executive retirement plan

Your sales opportunity

Business owner(s) wishing to:

- Reward and retain their key people for their contribution to the company's success
- Supplement a 401(k) program, to which executives may be limited in their contributions
- Recruit key talent and foster loyalty with key employees while ensuring business continuity

Solution: protection supplemental executive retirement plan

A protection supplemental executive retirement plan (protection SERP) is an executive compensation strategy. The business sets aside funds to pay retirement benefits to key employees sometime in the future.[1] A protection SERP also provides a death benefit to the executive's beneficiaries if the executive dies while employed with the company.

Four valuable features

1. In the event of the key employee's death, the key employee's beneficiaries receive a tax-free death benefit.
2. Key employee receives retirement income.
3. Policy's cash value can also provide payments to key employee in the event of disability.
4. The company may recover costs of the plan.

Target client

Businesses with the following characteristics:

- Over 50 employees
- At least 10 years old
- Highly compensated employees facing limits on their 401(k) contributions
- Executives between ages 45 and 65

Candidates	Not considered candidates
Sales professionals	Business owners
Managers	Rank-and-file employees
Executives	
Other highly compensated employees	

How it works

1. Company and key employee implement an endorsement split-dollar agreement, drafted by a licensed attorney, specifying:

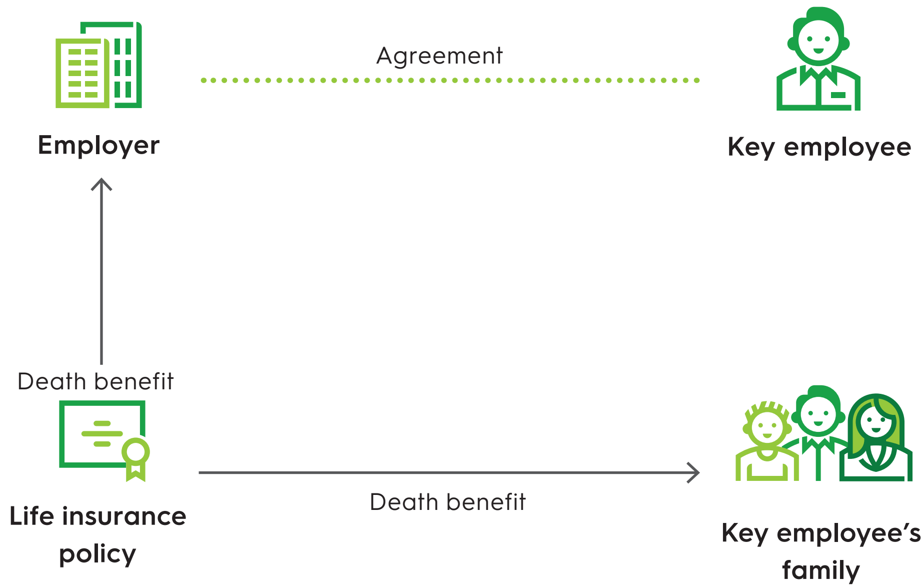
- The plan type – defined contribution or defined benefit – details of employer contributions, a method of crediting earnings, and a vesting schedule if desired.
- The benefit that will be paid to the executive at retirement.

2. Company determines how the plan will be funded:

- The plan must be unfunded in order to obtain the preferable tax and ERISA treatment.
- The company should consider an informal funding method to meet its obligations under the plan.
- As an informal funding vehicle, permanent life insurance offers tax-deferred growth potential and tax-advantaged access to policy values:
  - Company owns and pays premiums on a life insurance policy insuring the key executive's life. It also endorses a portion of the death benefit to the executive as a pre-retirement survivor benefit for the executive's beneficiaries.
  - Key executive pays tax on the premium or contributes an amount equal to the reportable economic benefit for the amount of premium. The reportable economic benefit is a calculation of the tax obligation for the death benefit provided in a split-dollar arrangement. It is calculated using term life insurance rates.

If the executive dies while employed by the company:

The company receives a portion of the death benefit to recover its costs; the executive's beneficiaries receive the balance.



When the executive retires:

The split-dollar agreement terminates. The company may use the policy cash value to pay supplemental retirement income.

Learn more

Do you have business owner clients who could benefit from a nonqualified deferred compensation plan to attract and retain key employees? We can help — call our Advanced Sales Team today: **1-888-413-7860,** option 3

1. Key employees must be either highly compensated employees or management.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

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400 Robert Street North, St. Paul, MN 55101-2098

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