

Overview of Non-Qualified Executive Benefit Plans

Most

Least



Type	SERP	Deferred Compensation	Death Benefit Only Plan	Split Dollar	Group Term Carve Out	Executive Bonus
Description	Employer agrees to provide a deferred compensation benefit that is “in addition to” the employee’s current salary and other benefits. The employer bears the full cost of the benefits.	Employee agrees to forgo receipt of a portion of income (e.g., salary or bonus) until a later date (typically at retirement). This deferred compensation benefit is “in lieu of” current compensation.	Employer agrees to provide a death benefit to the employee’s beneficiaries when he/she dies.	Employer agrees to provide life insurance protection to employee. The employee has the right to designate the beneficiary of a portion of the death proceeds.	Employer assists the employee in the purchase of permanent life insurance.	Employer agrees to “bonus” the employee some or all of the premium for a life insurance policy owned by the employee.
Employer Benefits	<ul style="list-style-type: none"> - Dictate participation, timing, amount, and vesting of benefits - Generally deducts the benefit when paid - Creates accounting liability - Avoids most qualified plan discrimination rules and funding limits - DOL notification 	<ul style="list-style-type: none"> - Determines who participates, how the deferred compensation will accumulate and when it’s paid out -Deducts benefit when paid - Avoids most qualified plan discrimination rules and funding limits - DOL Notification 	<ul style="list-style-type: none"> - Determine participation and benefit amount - Retain top executives - Income tax free benefit to corporation possible - Accounting liability if post-retirement benefit 	<ul style="list-style-type: none"> - Owns the policy - Determines who participates - Retains policy cash value -No IRS approval, but other reporting requirements - Accounting liability if post-retirement benefit 	<ul style="list-style-type: none"> - Similar to term cost - No IRS Approval - Tax Deductible Benefit - No accounting liability 	<ul style="list-style-type: none"> - Reward Key Employees -No IRS Approval - Tax Deductible Benefit - No accounting liability
Employee Benefits	<ul style="list-style-type: none"> - No current cost - Additional retirement income - Income tax on benefit when received 	<ul style="list-style-type: none"> - Enhance retirement income - Defers receipt of current compensation -Incurs no current cost for the benefit - Pays income tax on benefit when received 	<ul style="list-style-type: none"> - No current cost for benefit - Taxable benefit to heirs upon death 	<ul style="list-style-type: none"> - Receives death benefit protection for a term cost - Income tax free death benefit to heirs 	<ul style="list-style-type: none"> -Access to institutional product - Supplement Retirement 	<ul style="list-style-type: none"> -Supplement Retirement - Portable benefit

Least

Most

