

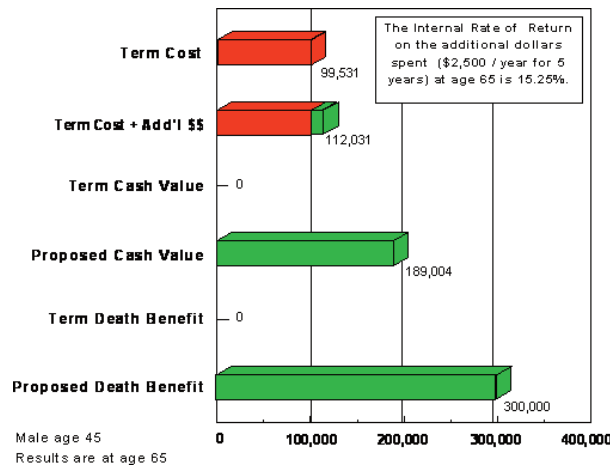
Executive Benefits: Executive Life Insurance Carveout: A Benefit Strategy



Defining the Issue

Many companies are looking for ways to enhance benefits for key employees without increasing costs. Executives and high income professionals have unique life insurance needs and are faced with the following issues:

- Executives and high income professionals often have increased needs for life insurance
- Group life insurance plans do not provide adequate coverage for Executive participants
- Insurance needs of Executives extend beyond the working years and cannot be met through traditional approaches



The Solution

One way to accomplish this is through the creation of a special life insurance program, known as **Executive Life Insurance Carveout**. It offers the opportunity to replace costly group term life insurance and/or provide an increased level of life insurance benefits for a select group through a Group Variable Universal Life Plan ("GVUL").

Advantages to Employer

- Ability to select class(es) of employees to be covered by GVUL Plan
- Ability to determine benefit level(s) free of non-discrimination rules
- Generally equivalent benefits provided without cost increase
- Deductibility of premiums paid for employees (non-deductible if employee paid)
- Removal of potential life claims from group experience

Advantages to Executive

- High benefit levels available on a guarantee-standard-issue basis
- Coverage is employee-owned and fully portable
- Permanent policy, with ability for employee to make voluntary contributions to enhance policy performance and policy values, with tax-deferral on earnings
- Ability to use employer contributions to enhance employee's cost basis
- Availability of numerous investment choices into which employee may direct voluntary contributions
- Coverage may be continued post employment without necessity for policy conversion
- Death benefit paid to named beneficiary on an income tax-free basis
- Death benefit equals policy face amount plus policy cash value