COASTAL FINANCIAL
PARTNERS GROUP

Retain – Reward – Protect

An Innovative Approach to Reward and Retain Key People for the Benefit of the Business

The Problems

Qualified plans (401k, etc.) are very restrictive and prohibit discrimination in favor of business owners and their key employees. Conventional nonqualified deferral plans create taxable retirement income for key employees and are now subject to new regulations that add complexity for the business.

A Solution

1) A plan designed to assist the business in the retention of potentially at-risk, high performing company earners.

2) A supplemental retirement plan featuring tax-free income with integrated policy and plan administration via a proprietary, patented and time-tested process available through Coastal Financial Partners Group.

Plan Highlights

- Because the plan is funded with a life insurance policy, upon his or her death, participant's beneficiary receives a substantial income tax free benefit. The business may also choose to share in the death benefit (key person loss indemnification) at no additional cost with full cost recovery while eliminating the need for separate coverage and the annual charge to earnings which accompanies it.
- Amounts, funding and recovery of the plan contributions are at the sole discretion of the business owner(s) giving the business greater control than most other design alternatives
- Plan contributions accumulate on a tax deferred basis and are protected from any downside market risk
- Under current tax law, principal and accumulated gains from the plan are not subject to taxation (when taken as policy loans)
- The plan is administered for tax purposes as an employer-employee loan (the business may book the full amount of contributions as a hard asset on the balance sheet). Plan contributions are recovered and may ultimately be tax-deductible by bonuses to the participant at the employer's discretion.
- Plan tax accounting is handled as a below market loan by the business to the participant. Interest costs (currently 0.22%) are imputed as income to the participant's whose out of pocket annual cost is the tax on this bonus. The loan is always repaid to the company.
- The assets in the plan are protected by the claims-paying ability and financial strength of the insurance carrier
- This patented "split-dollar" nonqualified benefit plan is administered by an insurance carrier and the carrier becomes a party to the policy
- As designed, it is not subject to the new regulations which apply to nonqualified deferred compensation and SERP plans.

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