



SERP•PLUS•457™ Use of Company-Owned Life Insurance (COLI)

Premier Executive Benefits Plan Services

WHY FINANCE THE BENEFIT PROMISE?

- Pre-funding makes sound economic sense for the organization.
- Provides a measure of security for the executives, especially when combined with a Rabbi (Grantor) Trust.
- Rationally builds an asset to offset the benefit liability.
- Optimizes the cash flow impact of benefit payments to executives once they retire.

WHY DOES COLI MAKE SENSE?

- COLI can provide funding wherewithal, giving the organization another source of cash to pay benefits when they become due.
- COLI can be structured to provide a pre-retirement survivor benefit to executives on a tax-advantaged basis, in addition to providing cost recovery for the organization both pre- and post-retirement.
- COLI is self-completing, providing cash through death proceeds upon the death of each insured executive.
- COLI can provide a very favorable accounting treatment under FAS TB 85-4 to offset accounting for the benefit liability.
- COLI can be structured to provide recovery of the cost of benefits, cost of the financing itself (COLI premiums), and a factor for the use of cash.

WHY NOT BUY TERM AND INVEST THE DIFFERENCE?

- Term insurance has no cash value.
- Term insurance cannot provide any favorable accounting to offset the benefit liability.
- Term insurance cannot be economically structured to provide tax-advantaged pre-retirement survivor benefits.
- Term insurance cannot provide for self-completion nor cost recovery, since it cannot be economically purchased past retirement age, when the likelihood of mortality is the greatest.

COLI AND SERP•PLUS•457™

- Insurability is of no concern since the COLI is used to create a pool only on insurable participants.
- Level face amounts are purchased through aggregate funding to minimize carrier underwriting issues.
- Pre-retirement split dollar arrangements are used to confer tax advantages on executives.

ABOUT NYLEX BENEFITS

NYL Executive Benefits LLC (NYLEX Benefits) provides supplemental executive benefit programs to a wide range of commercial clients. We focus on developing cost effective executive benefit solutions that are designed to

attract, reward and retain key employees. Our services are designed to assist clients at all stages in the adoption and operation of executive benefit programs, and include:

- Initial assessment
- Plan design
- Funding
- Plan implementation
- Ongoing administration

NYLEX Benefits' professional staff includes the following professional disciplines, all dedicated to supporting our clients' programs, processes, systems and services:

- Accountants
- Actuaries
- Attorneys
- Benefit specialists
- Insurance specialists

We take great care to assure that client programs are practical and cost effective and that they are designed to achieve our clients' strategic and operational goals.

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NYL Executive Benefits LLC (NYLEX Benefits) is a subsidiary of New York Life Insurance Company.
Securities offered through NYLIFE Securities LLC, Member NASD, SIPC.

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