

THE LAFAYETTE LIFE INSURANCE COMPANY

With more than 115 years of service to policyholders, The Lafayette Life Insurance Company is a financially strong provider of individual life insurance, annuities, and retirement and pension products and services.

Lafayette Life is a member of Western & Southern Financial Group, Inc., a family of financial services companies whose heritage dates back to 1888. With the strength of our organization and our ongoing commitment to servicing you, your business and your family, The Lafayette Life Insurance Company is a company you can depend on. Find out more about our financial strength and distinguished history at www.LafayetteLife.com.



**Lafayette Life
Insurance Company**

A member of Western & Southern Financial Group

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The Lafayette Life Insurance Company, Cincinnati, Ohio, operates in D.C. and all states except New York. Life insurance products are issued and guaranteed by The Lafayette Life Insurance Company. Guarantees are based on the claim-paying ability of the company.

Life insurance products are not bank products, are not a deposit, are not insured by the FDIC or any other federal entity, have no back guarantee, and may lose value.

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**ADVANCED MARKETS
BUSINESS PLANNING**

**NONQUALIFIED DEFERRED
COMPENSATION**



SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

*Providing Additional Retirement Income
for Select Employees*



RETAINING SELECT EMPLOYEES

- In today’s competitive world, retaining key employees can be critical to the success of an enterprise.
- Using life insurance to “Informally fund” additional retirement benefits for select employees can retain employees while potentially providing cost recovery for the employer.

Federal rules governing qualified plans limit the amount that can be deferred or contributed on behalf of highly compensated employees. A SERP can help increase a highly compensated employee’s retirement income to a percentage of pre-retirement income that is on par with what rank-and-file employees can achieve from a combination of Social Security and qualified plan benefits.

WHY WILL A SERP WORK FOR MY COMPANY?

You can use a SERP as a financial incentive to keep talented employees from leaving your company. You decide which of your key employees will participate. A SERP can provide a retirement income for selected key employees without reducing current compensation. This type of plan provides selected employees with a way to bridge the increasing gap between retirement income needs and dollars provided by tax-qualified retirement plans.

Life insurance may be used informally to fund such plans. The benefit of using life insurance is that it can provide significant pre- and post-retirement death benefits while accumulating funds on a tax-deferred basis to provide retirement income.

HOW DOES A SERP WORK?

The employer promises to pay selected employees a supplemental retirement income contingent on the condition of continued employment for a period of years. The SERP plan can offer a defined contribution, such as \$50,000 per year to be set aside for the employee. Or the plan could offer a defined benefit, such as \$50,000 per year to be paid to the employee beginning at retirement. SERP arrangements are not restricted by the contribution and benefit limits imposed on qualified retirement plans.

Employer	SERP Agreement	Lafayette Life Policy
<ul style="list-style-type: none"> • Employer identifies key employee to receive a supplemental retirement benefit. • Employer determines the amount of the SERP benefit, and when and under what circumstances the benefit will be paid.¹ • Employer does not get a current deduction and employee does not pay income tax on the funds until received. 	<ul style="list-style-type: none"> • Employer and Employee enter into written agreement setting the terms of the unsecured promise with a substantial risk of forfeiture. • Upon becoming eligible, Employee makes distribution election with respect to timing and method of payment. • Employer pays retirement income as specified in agreement and deducts the payments as compensation. Employee includes in income. 	<ul style="list-style-type: none"> • Employer purchases a life policy on Employee to cover the liability of the future payments to be made to Employee. • To receive a tax-free death benefit under certain employer-owned policies, Employer must comply with Section 101(j), which requires that the insured/ employee receive notice of, and consent to, the issuance of the policy, and meet additional requirements.

Your Lafayette Life agent is prepared to work with you and your advisors to create the programs that are best for your company. Call today to learn more.

¹ Compliance with the provisions of Section 409(a) and ERISA is required. Please consult with appropriate legal, tax and accounting advisors.