



National Life
Group®



Split Dollar Economic Benefit Business Opportunity

Split dollar, under the Economic Benefit Regime, is designed to use business dollars to pay the premium on a permanent life insurance policy that is owned by the business and allocates the death benefit between the employer and the key employee.

The premium payment is paid by the business and the employee reports only the term cost of their portion of the death benefit in an annual basis as income for tax purposes.

The business purchases permanent life insurance on the life of the key employee. The business owns the policy including all the cash value which can be used for cost recovery. The employer endorses a portion of the death benefit to the employee, allowing the employee to designate a beneficiary for their portion of the death benefit. The premium paid by the business is not a deductible expense. However, this is a benefit that can help attract, reward, and retain key employees.

The key employee will:

- Name the beneficiary of a portion of the death benefit
- Incur annual minimal out of pocket costs – a tax on the value of the death benefit based on the lesser of the carrier's one-year term rates or Table 2001
- Not contribute toward the cost of the policy

The business will:

- Own the life insurance policy and designate itself as the beneficiary of the portion of the death benefit that is not endorsed to the employee
- Recover its costs through the cash value or the death benefit

Products issued by

National Life Insurance Company® | Life Insurance Company of the Southwest®

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