CONFIDENTIAL EXECUTIVE BENEFITS QUESTIONNAIRE

Completed For: ____________________

Completed By: ____________________

EXECUTIVE BENEFIT ARRANGEMENTS

In determining appropriate executive benefit arrangements, it is important to consider the business structure in which the business operated in order to assess the suitable options available for executive benefits. Some benefit types work well in C Corporations but not so well in S Corporations or LLCs. Other objectives such as 1) current deductibility of contributions, 2) having sufficient restrictions in the plan to keep the key person, or 3) ease of administration are also issues. Among the options available are:

Bonus Arrangement

- This arrangement would be used where the employer is not worried about the employee leaving and just wants to reward the employee and enhance the executive's death and retirement benefits
- The employer would be able to currently deduct contributions to this arrangement assuming the bonus was considered reasonable additional compensation for the job performed

Restrictive Executive Bonus Arrangement

- This arrangement would be used where the employer wants to reward the employee but wants restriction in the plan to prevent the employee from leaving early with full policy values
- The employer would be able to currently deduct contributions to this arrangement assuming the bonus was considered reasonable additional compensation for the job performed
- For S corporations and LLCs, this is the arrangement that gives them some restriction while not impacting the taxable income of the owners of the business

Supplemental Executive Retirement Plan/Deferred Compensation

- This type of plan is used when an employer want to reward the very highly compensated executive but wants restrictions in the plan to prevent the executive from leaving.
- This type of plan is suited primarily to C Corporations since the contributions are non-deductible. For S Corporations and most LLCs, the entire plan contribution would pass through to be included in the owner's taxable income which is generally not attractive to the business owners
- With this type of plan, administration by a third party administrator (TPA) is generally required. The promised future benefits must be shown on the corporation's books as a liability. If life insurance is used to informally fund the plan, the cash values of the insurance are an asset on the books. However, liabilities and assets may not match exactly

Determining the contribution/benefit formula:

In the majority of cases, the bonus arrangements are based on an annual premium contribution amount. This can be a specific dollar figure or a percentage of salary. In some cases, the amount of bonus is then increased so the total amount covers the premium plus the anticipated tax on the bonus. For Supplemental Executive Retirement Plans/Deferred Compensation, most are based on a contribution amount which can be an arbitrary figure or a percentage of annual compensation. Since the policy purchased cannot be part of the SERP agreement, a realistic rate of return on the yearly premium is specified and must be monitored going forward. Less frequently, a retirement benefit or formula is specified and the yearly amount needed is then determined based on assumed earnings and monitored each year going forward to achieve the amount needed to fund the specified benefit.

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CONFIDENTIAL EXECUTIVE BENEFITS QUESTIONNAIRE
Continued

Business Name: ______________________________

Address: ______________________________

Phone: ____________________ Business Website: ____________________

Primary Contact: ____________________ Email:____________________

When Was Business Started?: ____________________ Number of Employees?:____________________

Form of Business (VERY IMPORTANT)

☐ C Corporation (Corporate Tax Bracket _____%) ☐ S Corporation ☐ Partnership

☐ Limited Liability Corporation – LLC (Taxed as: ☐ Partnership or ☐ C Corporation (____% Tax Bracket)

☐ Sole Proprietorship ☐ Other ______________________________

Owner Information

Name	Title	Date of Birth	Sex	% Owned	Total Annual Compensation	Personal Tax Bracket	Smoker Status/ Health

1. If any of the owners related, please list name and relationship? ______________________________

____

____

2. Are there plans in effect for the continuation of the business upon the death or disability or retirement of the current owners? If so, how?

☐ Liquidation ☐ Transfer to Family ☐ No Succession Plan in Place

☐ Transfer to Co-Owners ☐ Transfer to Key Person ☐ Transfer to Third Party

3. Is the business expected to survive the current owners? ☐ Yes ☐ No

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Continued

Plan Selection Considerations

1. What is the desired emphasis as to Retirement Income and Survivorship benefits?
   - ☐ Both important but Retirement Income more important
   - ☐ Both important but Death Benefit Protection more important
   - ☐ Retirement and Death Benefits equally important
   - ☐ Retirement Income important—Death Benefits not important
   - ☐ Death Benefit Protection important—Retirement Benefits not important

2. How important is it for the business entity to obtain a current income tax deduction?
   ☐ Extremely Important ☐ Important ☐ Would Like ☐ Unimportant

3. How important is it for the employee to receive a benefit that has no current income tax impact?
   ☐ Extremely Important ☐ Important ☐ Would Like ☐ Unimportant

4. How important are "Golden Handcuff" restrictions on the accumulating benefits?
   ☐ Very Important ☐ Important ☐ Less Important

5. How important are simplicity and low administrative costs?
   ☐ Very Important ☐ Important ☐ Less Important

6. How important is it for the employee benefits to not be subject to the claims of the business entity's creditors?
   ☐ Extremely Important ☐ Important ☐ Would Like ☐ Unimportant

7. Describe the entity's current financial stability/annual cash flow
   - ☐ Very Stable — Steady Earning
   - ☐ Very Stable — Widely Fluctuating Earning
   - ☐ Stable — Steady Earnings
   - ☐ Stable — Widely Fluctuating Earnings
   - ☐ Unstable — Steady Earnings
   - ☐ Unstable — Widely Fluctuating Earnings
   - ☐ Very Unstable

Underwriting Program

☐ Guaranteed Issue ☐ Simplified Issue – Standard Decline ☐ Simplified Issue – TeleApp

8. Are all key employees (i.e., white collar professionals, executives, management, or owners) earning at least $100,000? ☐ Yes ☐ No

How many lives are eligible to participate? ______________________________

Will 100% of the eligible employees be covered under a non-discriminatory benefit or contribution formula based on compensation or job position? ☐ Yes ☐ No

If not 100% coverage, please explain: ______________________________

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CONFIDENTIAL EXECUTIVE BENEFITS QUESTIONNAIRE
Continued

Employee Census For Those Being Considered For Supplemental Employee Benefits

Name	Job Title	Date of Birth	Sex (M/F)	Employment Date or Years of Service	Total Annual Compensation	Smoker Status/ (Y/N)	Annual Contribution ($ Figure of % of Salary)	OR Annual Retirement	Assumed Retirement Age	# of Years to Pay Retirements Benefits

Use additional sheet if more employees need to be listed. Separate sheet should also be used to indicate any major health issues for any of the employees listed.

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