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Reprint

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Tuesday, October 30, 2012

Attention Company Owners; what is your return on investment with your company benefit plan?

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A reaction to this might likely be; what kind of crazy question is that? "My company's benefit plans are expenses and most employees see them as entitlement."

While it is often true, benefits like a 401k, group Insurances even vacations are true company expenses and they may be viewed as an entitlement. However, it doesn't have to always be that way.

Earlier this month one of our client's "key man" who was visiting our office to start the process of enrolling in a Selective Benefit Plan said "this benefit seems too good to be true" He went on to ask "What is the down side?" "It seems like a true win win for both me and my employer"

How would it be if all key people thought the benefit they were receiving was "too good to be true"? What would it be like for you if they felt the benefit was a "win win"?

The answer to his question was that the only down side is if he leaves employment in the next ten years. If he stays, he will enjoy

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the full benefit value and continue to contribute to the success of the company. I reminded the key employee that this benefit is provided for him alone because he has been identified as key to the ongoing success of the company.

Successful companies reward results and use strategic approaches to key person benefits to acknowledge individual contributions, reward results and encourage long term employment commitments. These key employees are leaders, achievers, top project managers and people that create results and deserve to be acknowledged for their efforts.

Isn't this what every company wants to achieve? The key man mentioned earlier in this story is also having his first child at the same time his employer is announcing that he is now eligible for the employer's "top performers club".

This benefit, he is now eligible for, will generously protect his young family, and could, if desired, make funds available to educate his new child and ultimately supplement his future retirement funds

And one more thing, if the current employer decides to sell the company, this benefit greatly improves this key man's position as an important member of the company workforce or even as a possible successor.

The employer can be selective and pick and choose who participates in this type of benefit. The employer enjoys an annual tax deduction for the plan contributions. The employer can increase, decrease or stop contributing as necessary. Most important, don't you believe that the employer has won the complete attention and commitment to the company's ongoing success from this key performer? I think so!

The last four years have brought many changes to the business environment. Technology has replaced some employees and employers continue to look for new efficiencies.

Maybe it is also time to "carve out" key people and have a multi tiered benefit plan that helps position the company to compete in the world we live in today, not the one we remember where all employees are always treated the same which is really discriminating against

results and career commitment.

SELECTIVE BENEFIT STRATEGIES: Advantages to the company:

- Flexibility to decide who is allowed to participate
- Ability to attract new talent and retain current executives
- Coordinates with existing qualified plans and can be individually tailored to complement other benefit programs
- Benefits are tax deductible to the business either presenting or at retirement
- Value may be subject to business control

SELECTIVE BENEFIT STRATEGIES: Advantages to the executive:

- Various tax advantages depending on design option
- Increased retirement income
- Pre-retirement death benefit for designated beneficiaries
- Retirement income shortfalls can be reduced or eliminated.

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