

NB NORTHEAST BROKERAGE

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Employee Retention Potential with Split Dollar Life Insurance

A Split Dollar Life Insurance plan is a collaborative agreement whereby the costs, benefits, and cash values of a life insurance policy are divided between two parties: the policy owner, typically the employer, and the non-owner, usually the employee. In the event of the employee's death or retirement, the employer receives its portion of the policy, often equivalent to the premiums contributed. The remaining death benefit is then disbursed to the designated beneficiary. Alternatively, upon retirement, the policy may be transferred to the employee along with any accrued cash value.

If you have clients who own businesses and seek effective strategies for retaining key employees, consider introducing them to the concept of Split Dollar Life Insurance. This innovative approach not only furnishes valuable life insurance benefits to employees but also cultivates a powerful incentive for long-term commitment. Reach out to our team today to explore how Split Dollar Life Insurance can enhance your clients' employee retention strategies.

Key Benefits for Employers:

- **Enhanced Employee Retention:** By providing key employees with a valuable life insurance benefit, employers can create a powerful incentive for them to remain with the company for the long term. This helps businesses retain their top talent and maintain continuity in key roles.
- **Tax Advantages:** Split Dollar Life Insurance offers potential tax advantages for both employers and employees. Premium payments made by the employer may be tax-deductible, while death benefits received by the employee's beneficiaries are generally income tax-free.
- **Flexible Design Options:** Split Dollar plans can be tailored to meet the unique needs of each employer and key employee. From determining the coverage amount to structuring the ownership and beneficiary arrangements, there is significant flexibility in how these plans can be designed.

Interested in learning more about how Split Dollar Life insurance could help your clients retain key employees? The attached client approved material from our partners North American Life Insurance and Principal Life Insurance have additional information.

- [North American Split dollar](#)
- [Principal Split Dollar](#)