

COLI / TOLI ...

FUNDING ALTERNATIVES FOR NONQUALIFIED PLANS/TAXABLE VS. TAX EFFICIENT

Funding Alternatives for Nonqualified Plans:

- Pay as You Go (do nothing)
- Taxable Securities
- Corporate Owned Life Insurance (COLI)

Taxable vs. Tax Efficient:

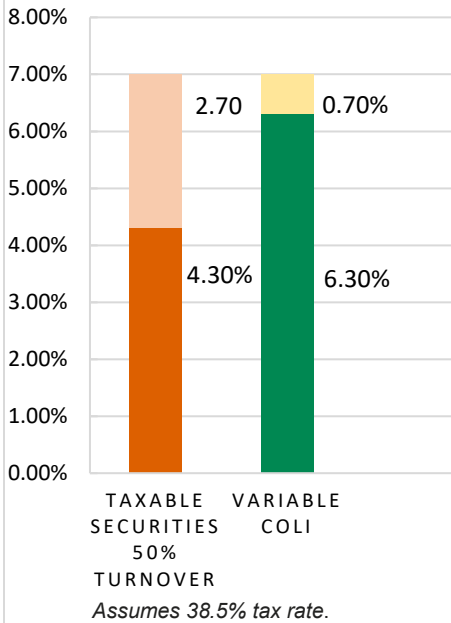
Taxable securities

- Selected for all types of nonqualified plan funding.
- Able to provide a range of alternatives that may be allocated to meet plan specific needs.
- Most effective if company is not a tax payer.

Life insurance /Corporate-Owned Life Insurance (COLI):

- Elected for all types of nonqualified plan funding.
- Able to provide a range of alternatives that may be allocated to meet plan.
- Most efficient if company is a tax payer.

COMPARISON OF TAXABLE SECURITIES VS. COLI CORPORATE OWNED LIFE INSURANCE (HYPOTHETICAL)



	Taxable Securities (50% Turnover)	Corporate Owned Life Insurance
Pretax Return	7.00%	7.00%
Impact of Income Tax	(2.70%)	0.00%
Impact of Insurance (Charges)/Gains	<u>0.00%</u>	<u>(0.70%)</u>
Life of Investment Net After-Tax Return	4.30%	6.30%
		2.00%

This chart incorporates hypothetical values that, while believed to be accurate, are not guaranteed nor are they a representation of past or future results. Actual results will vary. The hypothetical taxable security values have been prepared to assist in analyzing informal funding alternatives. These values are not guaranteed nor are they a representation of past or future results. Investments in securities involve risks, including the possible loss of principal. When redeemed, shares may be worth more or worth less than their original value. The chart illustrates the effect of the income tax characteristics of life insurance on after-tax results by assuming, hypothetically, that each alternative generates the same pretax rate of return.



Find out how COLI could benefit your company and your executives.
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