

# Key employee life insurance

## Protect your business from the loss of key employees

### Your challenge

The death of a key employee can cause serious problems to a business, such as lost sales, lower earnings and added costs for hiring and training a replacement.

### A potential solution

Key employee life insurance provides a death benefit that can help your business replace these costs and operate smoothly after losing a key employee.

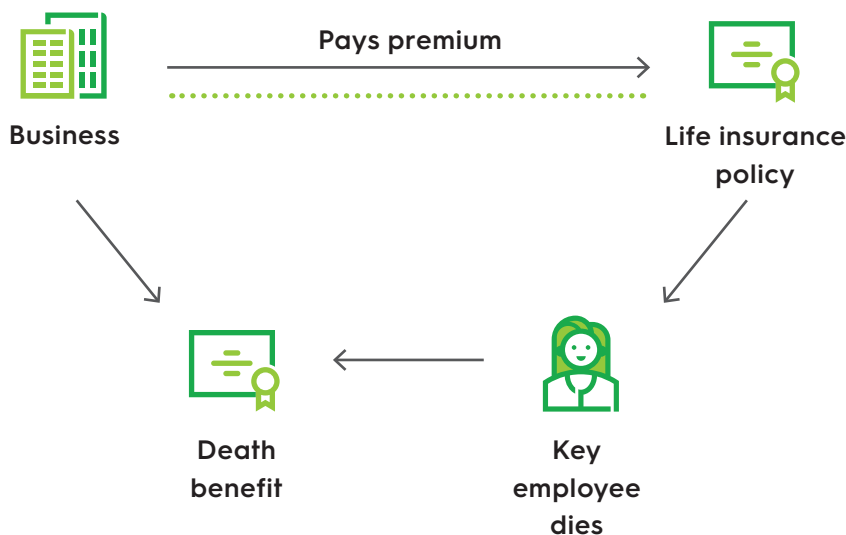
### How does key employee life insurance work?

- Key employee must provide written consent prior to issue of the life insurance contract.<sup>1</sup>
- The business purchases a life insurance policy on the key employee and names itself as the policy's beneficiary.
- Upon death of the key employee, the business receives the death benefit and uses it for related business expenses or losses.

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**Because your  
business is  
your life**

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## Why is life insurance an ideal tool for this strategy?

Life insurance is a long-term financial tool that can provide a source of funds to replace revenue from lost sales or lower earnings. The premiums you pay into cash value life insurance policies can also grow tax free.

Benefits	Considerations
<ul style="list-style-type: none"><li>• Helps protect your business from losses caused by death of a key employee.</li><li>• Can also be used to fund entity redemption buy-sell, nonqualified deferred compensation and cross-endorsed split-dollar agreements.</li><li>• Provides a death benefit as tax-free income to the business.</li><li>• Business can use the policy's cash value in case of an emergency.</li><li>• Policy can be terminated or transferred if a key employee leaves the business.</li></ul>	<ul style="list-style-type: none"><li>• Written employer-owned life insurance (EOLI) notice and consent rules apply.</li><li>• May have transfer for value issues. Please discuss this strategy with your legal and tax advisors.</li><li>• May be subject to corporate creditors.</li><li>• Employee has no rights to the policy.</li><li>• Premium payments are not income tax-deductible by the business.</li><li>• Employee's health affects insurability.</li></ul>



### Learn more

Want to ensure the ongoing success and growth of your business? Contact your financial professional today to find out how you can implement a key person plus strategy.

# At Securian Financial, we're here for family. And we're here because of it.

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.

1. The life insurance death benefit is income-tax-free to the business if the business, at the time of purchase, had met the requirements of Internal Revenue Code Section 101(j). This includes providing the insured with advance notice, obtaining the insured's prior consent to be insured and meeting the insured's executive income requirements.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

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