Deferred Compensation Plan

A non-qualified deferred compensation plan can provide high-income earners with reduced current taxable income and increased supplemental retirement benefits. You can structure the terms of a deferred compensation agreement to meet the unique individual needs of your participating employees.

How It Works

Your business or organization and the employee agree to have a portion of the employee's salary deferred and retained by the company. The employee is not required to pay income tax on the deferred amount, provided that conditions set forth in the agreement are met.

The company may choose to set aside deferred funds in one or more financial vehicles. Corporate-owned life insurance is often selected for this purpose because of its unique tax and death benefit characteristics.

Advantages For The Employee

- Reduces current taxable compensation.
- Supplements the benefits provided by a qualified or personal retirement plan.
- Benefits are tax-deferred.
- Plan can include a survivor death benefit.
- A feature waiving premiums in the event of the employee's disability is available.

Advantages For The Employer

- Employer can discriminate in the selection of participants.
- Requires no pre-approval by the IRS.
- Cash value accumulates on a tax-deferred basis.
- Cost-effective: easy to establish and administer.
- Benefits are tax-deductible when paid to the employee.
- The plan can "tie" the employee to the company until retirement.