

EXECUTIVE BENEFITS

○ CHALLENGES YOU MIGHT HAVE:

- UNDERSTANDING YOUR CORPORATE BENEFITS
- SAVING FOR RETIREMENT & GOALS
- MINIMIZING TAXES

SOLUTIONS WE PROVIDE FOR HELPING TO MAKE YOUR CORPORATE BENEFITS BETTER FOR YOU:

401K PLAN: A 401(k) is a defined contribution plan that allows both the employee and employer to contribute into an account for the benefit of the employee in a tax-deferred status. Employees contribute to the plan through salary reduction on either a pre-tax, Roth or other after tax basis, depending on the provisions of the 401(k) plan.

- A 401(k) plan is a company-sponsored retirement account that employees can contribute to — Employers may also make matching contributions
- Reduction of taxable income
- Take advantage of company match
- Tax deferred OR tax exempt growth
- Potential income tax free distributions at retirement

▶ TARGETED OUTCOME: Tax Deferred Growth & Retirement Savings

DEFERRED COMPENSATION: A nonqualified deferred compensation plan is a written contract between an employer and an employee (or independent contractor) in which the employer makes an unsecured promise to pay an additional benefit to be paid in the future, or to defer payment of any employee's earned compensation to some future year.

- Allow select employees to defer more pretax income, supplementing annual allowable qualified retirement plan contribution limits
- Reduction of taxable income
- Save for retirement
- Tax deferred growth
- Deferred compensation can be structured as either qualified or non-qualified
- The attractiveness of deferred compensation is dependent on the employee's personal tax situation
- These plans are best suited for high earners
- The main risk of deferred compensation is if the company goes bankrupt you may lose everything put away in the plan
- Optionality for retirement income payout options

▶ TARGETED OUTCOME: Tax Deferred Growth, Retirement Savings & Defined Retirement Income Streams

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EXECUTIVE BENEFITS CONTINUED...

PENSION PLAN: A pension plan is a retirement plan that requires an employer to make contributions to a pool of funds set aside for a worker's future benefit.

- A pension plan may allow a worker to contribute part of their current income from wages into an investment plan to help fund retirement of which a portion may be matched by the employer
- There are two main types of pension plans the defined-benefit and the defined-contribution plans
- Retirement Income Stream
- Potential Lump Sum Option

▶ **TARGETED OUTCOME:** Defined Retirement Income Stream

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STOCK OPTIONS: A stock option is the right to buy a specific number of shares of company stock at a pre-set price, known as the "exercise" or "strike price," for a fixed period of time, usually following a predetermined waiting period, called the "vesting period."

- Executive compensation with built in leverage to company stock performance
- Option grants/shares can provide accumulation for stock holding requirements
- May be granted on annual basis
- Vesting of grants typically take place through 3-4 years
- Typical 10 year expiration term

▶ **TARGETED OUTCOME:** Strategic Company Stocks Accumulation or Diversification For Current or Retirement Needs

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RESTRICTED STOCK UNITS (RSU'S): A restricted stock unit (RSU) is a form of compensation issued by an employer to an employee. It can be paid in the form of company shares or settled in cash. Restricted stock units are subject to vesting requirements that can be met by achieving required performance or continuous service milestones.

- Equity compensation to incentivize employees
- RSU grants/shares can provide accumulation for stock holding requirements
- Typically granted on annual basis
- Vesting of grants typically take place through 3-4 years
- Not entitled to dividends but may receive dividend equivalents

▶ **TARGETED OUTCOME:** Strategic Company Stock Accumulation or Diversification For Current or Retirement Needs

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EXECUTIVE BENEFITS CONTINUED...

RESTRICTED STOCK GRANTS: A Restricted Stock Award is a grant of company stock in which the recipient's rights in the stock are restricted until the shares vest. If the recipient does not meet the conditions the company set forth prior to the end of the vesting period, the shares may be forfeited.

- Restricted stock awards are a form of stock-based employee compensation
- RSA grants/shares can provide accumulation for stock holding requirements
- Holders entitled to dividends/have voting rights
- Optional Section 83(b) tax election for payment of taxes on total fair market value at time of grant

▶ **TARGETED OUTCOME:** Strategic Company Stock Accumulation or Diversification For Current or Retirement Needs

EMPLOYEE STOCK PURCHASE PLAN: An employee stock purchase plan (ESPP) is a company-run program in which participating employees can purchase company stock, and sometimes at a discounted price. Employees contribute to the plan through payroll deductions which build up between the offering date and the purchase date. At the purchase date, the company uses the employee's accumulated funds to purchase stock in the company on behalf of the participating employees.

- A corporate sponsored plan that allows you to dollar cost average into company stock through payroll
- Sometimes at a 5% - 15% discount on purchases
- Plan can provide accumulation for stock holding requirements

▶ **TARGETED OUTCOME:** Strategic Company Stock Accumulation For Current or Retirement Needs

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COMMITMENT

OUR COMMITMENT TO YOU IS:

- A COMPLIMENTARY ENVISION® PLAN (DEMO)
- 6 POINT CHECKUP ON YOUR COMPANY STOCK (DEMO)
- (ADDENDUM TO THIS DOCUMENT COULD BE AN OUTLINE OF WHAT THE FIRST YEAR PROCESS FOR ONBOARDING AN EXECUTIVE LOOKS LIKE.)

OUR COMMITMENT TO ALL CLIENTS IS TO PROVIDE CLARITY, CONFIDENCE AND STRUCTURE.

For corporate executives this means giving them **CLARITY** on all the executive benefits they are offered. This includes clarity on how they work, the implications of using or not using them and when and how to work to maximize them.

We aim to provide clients with the **CONFIDENCE** that their benefits are being maximized for their individual situation and goals.

A **STRUCTURE** for reviewing, refining and reevaluating the benefit plans at least annually, is put in place to make sure they stay aligned with their *overall investment plan*.

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