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CASE STUDY: NONPROFIT SPLIT DOLLAR

EXECUTIVE SUMMARY

Split-dollar life insurance arrangements offer non-profit organizations a sophisticated tool to manage the 21% excise tax burden on executive compensation exceeding $1 million annually, while also providing substantial death benefits to key employees and their families.

WHO BENEFITS MOST FROM SPLIT DOLLAR ARRANGEMENTS

Hospital System Executives

- CEOs, CMOs, department heads
- Compensation typically $1M-$5M+
- Heavy excise tax burden
- Long tenure expectations

University Athletics

- Head Coaches (football & basketball)
- Athletic Directors
- Compensation often $2M-$10M+
- High visibility positions

Credit Union Leadership

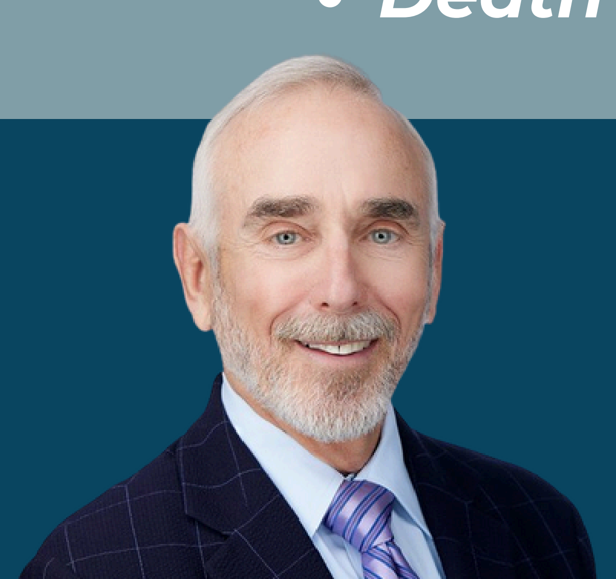
- CEOs and senior executives
- Large credit unions ($1B+ assets)
- Member-focused organizations
- Conservative investment approach

Academic Leadership

- University presidents/chancellors
- Medical school deans
- Research institute directors
- Endowment managers

KEY TRANSACTION BENEFITS

- *Eliminates 21% excise tax on compensation over $1M for covered employees*
- *Creates substantial income tax-free death benefits (often $10M+)*
- *Maintains employees' current after-tax income levels*
- *Particularly valuable for university coaches, hospital executives, and credit union leadership*
- *Annual tax savings can reach millions of dollars for large organizations*
- *Provides a competitive advantage in executive recruitment and retention*
- *Structured as a loan eliminates immediate taxable income to the employee*
- *Death benefits pass to beneficiaries completely income tax-free*



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