

# Narrow down your options.

For S corporations and limited liability companies (LLCs)

Retaining your key employees and helping them plan for retirement is just good business. But, how do you know which type of plan is right for you and your business? We can help you figure that out.

## Which objectives are most important to you?

As you think about that, keep in mind any existing plans and pain points related to them:

- Business succession plans
- Retaining employees
- Owner fringe benefits
- Benefit costs
- Income taxes
- Impact to cash flow

First, determine who should be included in the plan. Then, choose your primary objective and look at the potential solutions.

## Who should be included?

### Key employees

#### Retaining Top Hat<sup>1</sup> employees

Principal<sup>®</sup> Bonus (with restrictive agreement)

Principal<sup>®</sup> Deferred Compensation

- Death Benefit Only (DBO)
- Defined Benefit
- Defined Contribution
- Incentive Bonus
- Select Reward
- SERP

Principal<sup>®</sup> Loan Split Dollar

Endorsement Split Dollar

#### Retaining non-Top Hat employees

Principal Bonus (with restrictive agreement)

Principal Deferred Compensation

- Death Benefit Only (DBO)
- Incentive Bonus
- Select Reward

Principal Loan Split Dollar

#### Obtaining a current tax deduction for the company

Principal Bonus

#### Obtaining tax deferral on employer contributions<sup>2</sup>

Principal Bonus (simulated deferral)

Principal Deferred Compensation

- Defined Contribution<sup>2</sup>
- Incentive Bonus
- Select Reward
- SERP

### Owners

#### Contributing W-2 (wages) or K-1 (dividend income)<sup>3,4</sup>

Principal Bonus<sup>®</sup> – S Owner

#### Contributing guaranteed payments or profit distributions

Principal<sup>®</sup> Bonus – LLC Member

Once you’ve honed in on a solution that you think might be right for you, it’s time to start thinking about the details. How will you finance the plan? How will you administer it? Principal can help you with that, too.

## Financing that helps meet your needs

Life insurance can be a valuable way to finance a key employee benefit plan. It can offer tax advantages and income potential for both you and your key employees. Working with Principal gives you access to quality life insurance products designed specifically for business solutions. And you may benefit from our simple, time-saving underwriting process.

## Administrative services that help make your life easier

You don’t have to take care of the ongoing management of your plan all by yourself. We provide dedicated, ongoing support for most employer-owned and employer-sponsored plans. And we’ll be here not just today, but throughout the life of your plan.

Teams of dedicated administrators are here to assist you. From implementation, to plan-level reporting and ongoing policy, and plan administration, you’ll benefit from our support and online services.

 [Learn more](#)

Contact your financial professional today. Visit [principal.com](#).

- <sup>1</sup> Top Hat employees are defined by the Department of Labor as a select group of management or highly compensated employees.
- <sup>2</sup> Principal Deferred Compensation – Defined Contribution also allows for salary deferral.
- <sup>3</sup> Allows payroll tax leverage. If more than one owner, distributions must be in proportion to ownership
- <sup>4</sup> Compensation must meet “reasonable compensation” regulations.



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