

Identifying deferred comp prospects

Employers open doors to good ideas — and you have one!

Employers want effective ways to recruit and keep the best employees. And key employees want to work for companies that care about their future. This motivates employers to provide valued and competitive benefits.

Reaching out to employers about a nonqualified deferred compensation plan is well-worth your time. Research shows that employers **and** key employees value deferred comp for many reasons¹. We can help you find what doors to knock on ... and how to start a conversation with employers about the benefits of deferred comp!

Check **here** for the best prospects.

Organizations looking for a competitive advantage in benefits for key employees are ideal prospects if they meet **each** of these criteria.

- Are one of these business types:**
 - Public • Private C corporation
 - Pass-through tax entity (S corporations, Limited Liability Corporations or partnerships) — wanting to provide benefits for non-owners
 - Non-governmental tax-exempt organization
- Have a strong business-continuation plan in place.**
- Are profitable, have good cash flow and a proven record of financial stability.**
- Have key employees falling short in retirement planning due to:**
 - Limits on how much they can contribute in their 401(k) or 403(b) plan
 - Qualified plan testing issues • Exclusion from the 401(k) plan
- Are willing to be a plan sponsor and:**
 - Pay the administrative service fees
 - Want the option of making employer contributions to select key employees

Take a **closer** look at the prospect.

Now dig deeper to learn about the organization and its key employees. The **more** of these attributes you can check, the **more likely** they will be a good prospect.

- Does the organization have ...
- Success for five years or more — and a stable or growing business?
 - Revenue greater than \$10 million?
 - More than 100 employees — with key employees over age 50?
 - 10+ key employees earning over \$150,000 or 5+ key employees earning over \$250,000?
 - Issues with losing key employees at a higher rate compared to competitors?
 - To consistently provide refunds due to failed plan nondiscrimination testing?
 - Challenges in filling key employee positions due to a non-competitive benefits package?

There's much to talk about

Deferred comp gives you a lot to talk to employers about. You can explain how the plan helps their key employees save beyond 401(k) or 403(b) plan limitations — and provides employers with a competitive advantage in recruiting, rewarding and retaining them.

This chart shows that key benefits of deferred comp will get — and keep — employers' attention.

Deferred comp plans allow employers to¹:



For key employees

- Take advantage of pre-tax deferrals, tax-deferred growth and compound earnings.
- Enjoy flexible distributions without the same restrictions as 401(k) plans.
- Design an individualized investment strategy.

For employers:

- Provide a valued benefit that helps their key employees remain satisfied and motivated.
- Use additional employer contributions to retain or reward select key employees.
- Receive a tax deduction when benefits are paid.
- Benefit from assets on the balance sheet — money to finance the plan accumulates until benefits are paid.

Help your clients continue their business success and keep their top employees loyal by adding a deferred comp plan to their benefits program today.



For deferred comp prospecting and marketing tools, or to discuss potential sales opportunities with these plans, contact your regional vice president – nonqualified plans (BB9718).

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¹ 2018 Infographic of Key Findings - Plan Sponsors, Principal®.