

Executive Benefit Restoration

Executive benefit replacement helps fill the retirement savings gap that results from:

1. Governmental restrictions on tax-deferred saving through a qualified plan such as a traditional 401(k) plan.
2. The IRS limits placed on Social Security benefits.
3. Exclusion of Total Rewards in establishing a highly compensated employee's life and disability benefits.

401(k) restoration is governed by IRS Section 409A, which covers most forms of nonqualified deferred compensation. Offering a nonqualified plan to highly compensated executives enables them to save, tax-deferred, up to 100% of their total compensation, which is salary plus all bonuses and rewards.

Simply put, the limits on qualified plan savings, paired with the limits on Social Security benefits, means that the more your earnings increase, the less (by percentage) you can save tax-deferred for retirement. This unintended but existing form of reverse discrimination can leave high-wage earners facing a substantial deficit in their retirement benefits.

And although you theoretically have a lifetime to offset the retirement savings gap you face, the disability insurance shortfall can become an unfortunate reality in anyone's life at any moment.

Your FinSec Life team can help you and your organization build an affordable, customized executive benefit replacement strategy.

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