



NATIONWIDE® BUSINESS SOLUTIONS GROUP

A flexible plan designed for your key employees

Although tax laws have changed, nonqualified deferred compensation (NQDC) plans remain an attractive option for employers such as you who want to recruit, retain and reward key highly compensated employees.

Essentially, an NQDC plan allows pretax compensation to be deferred by key employees, or participants, lowering their taxable compensation and delaying payment to a later date (e.g., retirement). Employers may make discretionary and matching contributions at any time for certain participants. This plan can supplement an employer's current tax-qualified plan, providing a great deal of flexibility when designing their NQDC plan to meet the needs of their key employees.

Nationwide® Business Solutions Group, the leader in the corporate-owned life insurance (COLI) market, has the experience and expertise you need when informally funding new and existing NQDC plans.

A closer look at a real-life case

For more than 30 years, an advisor had a relationship with a growing restaurant supplier.

- Initially, the company had only 15 participants in its NQDC plan when it purchased COLI with another provider, which has since abandoned the market
- The company has since experienced significant growth, adding many new participants to the plan
- A few original participants have left the company, triggering an important decision for the company: Surrender and reinvest or hold for the death benefit?
- The advisor recommended working with Nationwide, which has a dedicated staff and has been in the market for over 20 years, to meet the evolving needs of their plan

How the Nationwide® Business Solutions Group helped

- Facilitated a 1035 exchange and moved \$4 million in cash value into a new COLI product with Nationwide
- Added 32 new participants to the plan, requiring only a simple consent form from the participants

- To fund the increased liability of new participants, Nationwide advised the company to surrender the contracts on former participants and reinvest the cash value
- Mapped investments to correlate with employer's current 401(k) plan, allowing participants access to a full suite of investment options
- Lowered overall expenses compared with the previous provider

The results

Nationwide Business Solutions Group successfully helped the growing restaurant supplier meet its evolving needs—and plan for its future. With its updated NQDC plan and new COLI product from Nationwide, the company is in a much better position to successfully recruit, retain and reward its top talent.

SUMMARY

An NQDC plan helps:

- Recruit, retain and reward key personnel
- Replace equity-based compensation packages such as company stock or stock options
- Compete with companies that seek the same talent
- Reduce participants' taxable compensation while enabling them to save for future needs
- Provide benefits in lieu of (or as a supplement to) a qualified plan



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Nationwide and its representatives do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions.

Be sure to choose a strategy and product that are suitable for the long-term goals of both the business and its employees. Weigh objectives, time horizon and risk tolerance, as well as any associated costs, before investing. Market volatility can lead to the need for additional premium in the policy. Variable life insurance has fees and charges that include costs of insurance, underlying fund expenses and administrative fees. Investing involves risk, including possible loss of principal.

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