

Benefit and Succession Planning For Businesses



Business Owners have many options available to them to provide executive benefits and to plan for business succession. The plan(s) appropriate for a particular business depend on many factors, including how the company files its taxes. You can utilize the below grid to help business owners make decisions about implementing benefit and/or buy-sell plans.

The colors (green, red, and yellow) next to the concepts/plans indicate whether a particular plan may make sense in a given situation for owners and employees.

- Green indicates that the plan may be appropriate, and may provide benefit and/or tax leverage for the business.
- Red indicates that the plan may not be appropriate for either the business owner and/or the employee.
- Yellow indicates that the plan can be implemented; however, it is possible there will be no tax leverage gained.

	S Corporation		C Corporation		Partnership	
	Owner	Employee	Owner	Employee	Owner	Employee
Benefit Plans						
162 Bonus Plans	?	✓	✓	✓	?	✓
Restrictive Executive Bonus Arrangement (REBA) Plan	?	✓	?	✓	?	✓
Supplemental Executive Retirement Plan (SERP)	?	✓	?	✓	?	✓
Nonqualified Deferred Compensation (NQDC) – Deferral Plan	✗	✓	?	✓	✗	✓
Short Term Deferral	?	✓	?	✓	?	✓
Split Dollar – Endorsement	?	✓	✓	✓	?	✓
Split Dollar – Loan Regime	?	✓	✓	✓	?	✓
Buy-Sell Plans						
Cross-Purchase	✓	n/a	✓	n/a	✓	n/a
Stock Redemption	✓	n/a	?	n/a	✓	n/a
Cross-Endorsement	✓	n/a	✓	n/a	✓	n/a
Insurance LLC	✓	n/a	✓	n/a	✓	n/a

Note: A limited liability company (LLC) is not a recognized entity classification for federal tax purposes. An LLC is instead classified as either a C corporation, S corporation, partnership, or sole proprietorship. Advisors should verify an LLC's specific entity classification before recommending any planning technique.

For further information on this topic, please contact your Tellus Advanced Sales Director or your Tellus Account Manager.



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