



# IT'S YOUR LIFE

## Triple Protection Plan – An Employee Retention Strategy

Over the years you've built a profitable business. You've invested your money, your time, and your passion. Now ask yourself, "What is my most valuable business asset?" While physical assets—the buildings and equipment—support financial goals, the success of many businesses can be traced to the good judgment, skills, and expertise of your key employees.

*What if a competitor makes your key employee an offer he/she can't refuse?*

*What is the impact on the business if you or your key employee dies?*

*What happens to your key employee's family when the paycheck stops?*

Your key employees aren't listed on your balance sheet or your income statement, but what they do shows up there. Unfortunately, many business owners train and mentor employees with the intention they will stay forever only to have them leave. Most people don't realize how costly this can be because they have not thought about losing an employee nor the consequences associated with that loss.

So the question becomes, "How can I protect my business against these possibilities?" The answer is to wisely allocate your financial resources and provide protection for multiple concerns with a specially designed program.

### Triple Protection Plan

With a Triple Protection Plan (aka Three Part Plan) you can address your employee retention concerns and help protect against the financial impact of an employee death. It can also provide a benefit for an employee's spouse and/or children.

1. A **Private Bonus Plan** can help retain employees. It is a written agreement that pays selected employees set bonuses at specific times. The plan is informally funded with a cash value life insurance policy and it protects against the employee's voluntary departure by providing a strong incentive to stay. The business applies for, owns, and pays the premiums on a life insurance policy on the key employee to informally fund the private bonus plan. The business withdraws policy cash values as needed to pay the scheduled bonuses.
2. **Key Person Coverage** protects against financial losses associated with an employee's death. The proceeds from the same life insurance policy provide liquidity, which can be used to recruit, hire, and train a replacement. It can also be used for business continuation or overhead expenses.
3. **Family Protection** allows the business the opportunity to share the life insurance protection with the employee's family. Using an Endorsement Split Dollar plan, the company can provide life insurance to a key employee. And, the company remains in control of the policy while offering financial security for the key employee's family with a portion of the death benefit.

Employee retention and the potential departure of a key person are concerns for all business owners. By using a Triple Protection Plan, your talented employees will be more likely to stay and you gain peace of mind thanks to an added degree of stability and security. One solution for three problems!

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