THE COMPETITIVE ADVANTAGE

Attract, Motivate, Reward & Retain Top Performers

Much of your company's success depends on the talents of your executive team and key team-members.

How can you encourage high caliber talent to join the team and stay the course?

The Voluntary Deferral Plan

Employer Advantages

- Helps retain valuable key executives by providing significant benefit upon their retirement.
- Employer can limit participation to a select group of executives.
- Employer controls the plan.
- Plan benefits when paid may be tax-deductible.
- Plan can be structured so that account values accumulate tax-deferred.
- Plan can be structured for employer cost recovery.

Executive Advantages

- Executive may defer compensation on a pre-tax basis in excess of qualified (401k) limits.
- Plan may be custom designed to meet the executive's individual needs and financial goals.
- Plan can be structured to provide a survivor benefit to executive's heirs.
- Unlike many qualified plans, a Voluntary Deferral Plan may be designed to pay a benefit while the executive is still employed.
- Avoids 10% penalty for distributions prior to Age 59½.

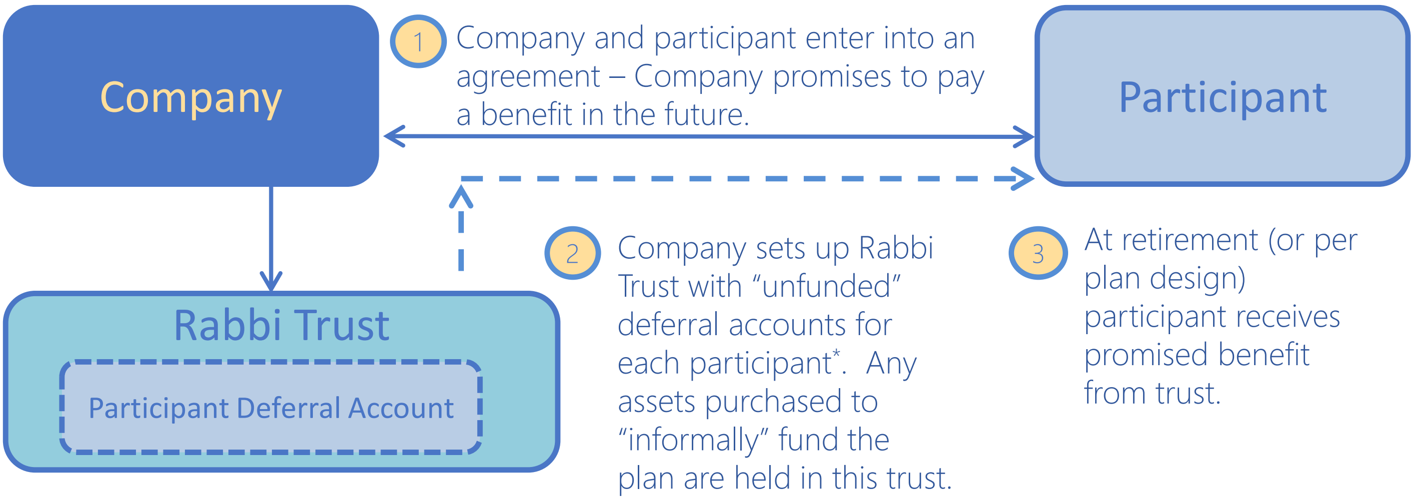
Bonus → Deferral Account → Retirement Benefits

Short Term Goals → Long Term Goals

- The success of your business is a direct result of the quality of the executives you have hired to make daily decisions to keep your business moving forward.
- One of the biggest threats facing your business today is the possibility that one of your high performing executives will leave to take a position at a competitor.
- Your executives want to see in tangible ways – preferably financially driven – that you recognize and appreciate their efforts in making your company a success.
- To achieve your goal to attract, motivate, reward and retain top performers, you have the flexibility in designing a plan that will meet both the key executive and employer objectives. As a result, your company's plan can be unique.

Sample Company, Inc.

Deferred Compensation Plan Agreement



* This is an accounting entry only and any assets used to "informally" fund the plan remain a part of the employer's general assets and may be subject to claims of corporate creditors.

Voluntary Deferral Plan Considerations

- Corporate-owned, investment grade, life insurance as the informal funding mechanism allows company to avoid current taxation on growth of deferrals invested in the life insurance policy. Policy cash values may be borrowed against as a potential funding source to pay benefits in the future.
- For executive to achieve tax deferral, plan must be structured to avoid any constructive receipt and economic benefit by the executive, thus plan benefit should be subject to substantial risk of forfeiture and plan must be unfunded. Any 'informal funding' source of the benefit must remain under the ownership control of the company as a general unrestricted business asset subject to the claims of the company's general creditors. Emergency access for executive may be available.
- Use of a Rabbi Trust can comfort an executive's concern over future benefits should there be change in corporate control or change of heart; however, the assets maintained by these trusts remain subject to the employer's general creditors and the trust does not protect against bankruptcy or insolvency.
- Potential FICA tax savings on benefit if FICA taxes are paid according to the special timing rule.
- Use of a third party administrator recommended to ensure section 409A compliance.
- Education and communication is a key component to an executive understanding the plan benefit's true value.