



Erie  
Insurance®

Above all in sERvIcE®—since 1925

## Business Planning Solutions

Smart ways to help protect your business.

~~plan A~~  
plan B





## Business-based life insurance solutions:

Business Continuation Solutions

Key Person Protection

Deferred Compensation Planning

Executive Bonus Planning

## *Why ERIE for Life Insurance?*

*Erie Family Life offers a complete line of products to meet individual and business life insurance needs. As part of the Erie Insurance Group, Erie Family Life is a financially strong, well-established company.*

*You'll discover that ERIE employees and ERIE agents take service very seriously. Every policy is a promise of service. If there's a way to help, we'll find it.*

*Contact an agent today to learn more about how ERIE's life products can help protect and provide for your business.*

## Business Planning Made Easy

You've worked hard to build a successful business.

**Erie Family Life** offers life insurance solutions to help your business continue to thrive and survive. Life insurance planning can help with business transition if it ever becomes necessary. It can also help you attract and retain key employees to protect the future of your business.

Review these business protection solutions and then talk to your local ERIE agent.

### Business Continuation Planning

You may have a written agreement detailing the future of the business in the event of your retirement or death, or even that of a key employee.

But is it backed by financial resources?

A life insurance policy from Erie Family Life can be used to fund that agreement. A fully funded **Buy/Sell Agreement** will help the business continue by providing the financial support necessary to protect business interests. Agreements funded with cash value life insurance policies can also be used to supplement income in the event of your retirement, disability or death. *Learn more on page 2.*

Every business has certain key employees who contribute to the success of the business through their skills, experience, leadership and innovation. If your business were to lose such an employee, how would it affect your business? Discover how **Key Person Protection** with Erie Family Life can help. *Learn more on page 4.*

### Attracting and Retaining Valuable Employees

Life insurance can provide your business with an insurance based retirement plan. The purchase of a policy from Erie Family Life may provide an additional retirement benefit for future use. With tax deferred growth of the account value and a death benefit, a universal life policy is well suited for providing **Deferred Compensation** and financial security for the future. *Learn more on page 6.*

As a business owner, you know that high quality employees give you a competitive edge. Attract and retain your industry's best talent by offering an **Executive Bonus Plan** through Erie Family Life. *Learn more on page 8.*

## *It Could Happen*

*A small-town auto repair shop was the dream business of two close friends and partners. When a tragic automobile accident claimed the life of one of them, the other was able to purchase the business interest from the family, thanks to a buy-sell agreement funded by a universal life insurance policy. Would your business survive if something happened to you or a partner?*

*The stories contained in this publication are based on real events that can occur when life insurance is used to protect business exposures.*

## Business Continuation

Having proper funding for a **Buy-Sell Agreement** could save your company in the event of an owner's death.

### What is it?

A Buy-Sell Agreement is a contract that facilitates a seamless transfer of ownership upon the death of an owner. The agreement defines who will purchase the deceased's business interest and who is obligated to sell. The agreement also establishes the selling and buying price.

Buy-Sell funding with life insurance from Erie Family Life can provide the means to transfer the business without the need to sell off business assets.

### Ideal for:

- Protecting the business from the financial impact of the death of an owner
- Providing funds to purchase the deceased owner's interest in the business

### What are the benefits?

#### For owners:

- Funds an equitable and orderly transfer of the business as an asset
- Reduces likelihood of having to sell the business or business assets, potentially at below market value, in order to generate cash
- Ensures the pre-established price, details of sale and potential buyers
- Provides owner's heirs peace of mind knowing they won't inherit an asset they lack the expertise to run or have no interest in managing
- Provides business continuity for customers and creditors

#### For employees:

- Smooth transition of leadership
- Employment security during transition
- Protects development opportunities for key employees to assume new roles within the company
- Alleviates financial disruption during transition
- Provides business continuity for employees

## How does it work?

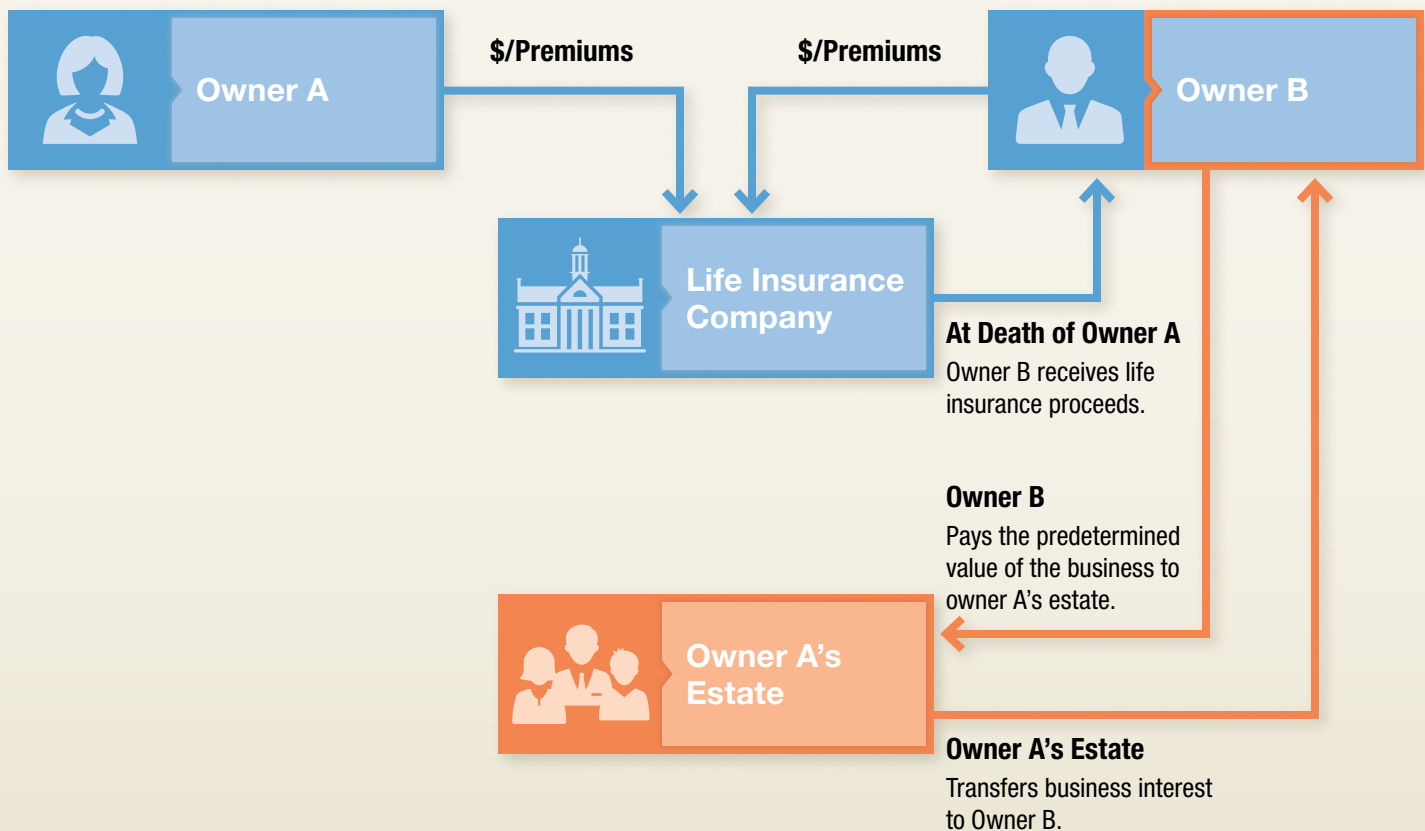
**1** Business owners agree to buy life insurance on each business owner's life for an agreed-upon amount!

**2** Each owner, or the business, pays premiums.

<sup>1</sup> Your ERIE agent can assist with this.

**3** Upon the death of a business owner, the death benefit is paid to the surviving beneficiary owner(s).

**4** Proceeds can be used to buy the deceased's share of the business.



*Save your business from disruption.*

## Policy configuration

**Insured:** Owner  
**Policyowner:** Owner/Partner/Business Entity  
**Beneficiary:** Owner/Partner/Business Entity

## Tax implications<sup>2</sup>

**Death Benefit:** Income-tax-free  
**Premiums:** Not tax-deductible

<sup>2</sup> Neither Erie Family Life nor its agent representatives give tax or legal advice. Please consult your attorney or tax advisor for answers to tax-related questions.



## *Passing the Baton*

*A young man knew that one day he would run the family's automobile dealership, but he never imagined that it would be at age 29, after his father suffered two massive heart attacks. The key person life insurance owned by the firm provided much-needed cash to help ensure a smooth transition. Today, he is vice president and dealer-operator at the family-run dealership.*

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## Key Person Protection

Safeguard your company from the loss of critical talent with **Key Person Protection** through Erie Family Life.

### What is it?

Replacing an owner or highly valued employee takes time and money and could negatively impact your business. Key person insurance helps a business stay in business in the event of the death of an owner or key contributor. It also helps assure continuity of the business for employees, customers and creditors.

### Ideal for:

- Protecting the business from the financial impact of the death of a valued employee
- Keeping the business running upon the death of a key person whose skills or influence are essential to the smooth operation of the business
- Presenting financial breathing room to enable recruiting and development of a qualified replacement
- Providing financial resources that can be used to satisfy creditor requirements

### What are the benefits?

- Tax-free policy proceeds cover financial losses upon the death of a key person
- Business continuity for employees, customers and creditors
- Affirms key person's value and can aid in retention if a cash value life insurance policy is used
- Provides cash value that may be borrowed if needed
- Can offset loss of business value or profits



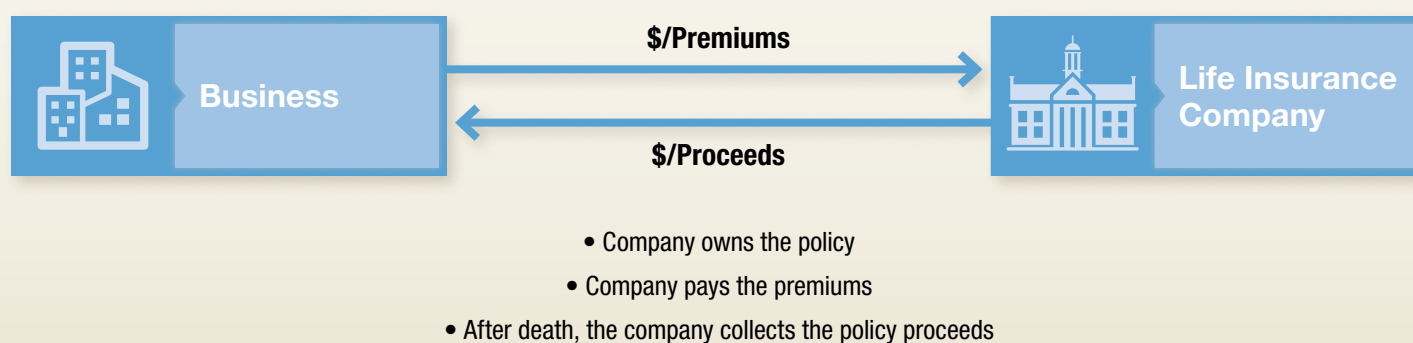
## How does it work?

**1** Employer designates a key employee.  
(Generally, key employees are those who are highly compensated, with managerial responsibility or special skills unique to the business.)

**2** Employer calculates funds the business would need in the event of the employee's death!

**3** Employer purchases life policy on key person and pays premiums.

<sup>1</sup> Your ERIE agent can assist with this.



*Protect your investment in employees crucial to your business.*

## Policy configuration

**Insured:** Key employee  
**Policyowner:** Owner/Partner/Business Entity  
**Beneficiary:** Owner/Partner/Business Entity

## Tax implications<sup>2</sup>

**Cash Values:** Tax-deferred growth  
**Death Benefit:** Income-tax-free  
**Premiums:** Not tax-deductible

<sup>2</sup> Neither Erie Family Life nor its agent representatives give tax or legal advice.  
Please consult your attorney or tax advisor for answers to tax-related questions.



## Building a Firm Foundation

*When a thirty-something builder took over the reins of the family construction company, he worried about his father's financial stability. Had his parents saved enough to live comfortably in retirement? He was deeply relieved when he learned his dad had conferred with his insurance agent during the firm's early years. They had established a deferred compensation plan using a universal life insurance policy. He knew he could rest easy knowing his folks would be okay financially. He also knew he needed to talk to his own agent about developing his plan.*

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## Deferred Compensation Plan

With tax advantages and a death benefit, a universal life policy is well suited for providing **Deferred Compensation** and financial security for the future.

### What is it?

Deferred Compensation is an insurance-based retirement plan where a portion of an employee's income is paid at a specified future date. The business owner purchases a life insurance policy that accumulates cash value that can be used to supply income later in life<sup>1</sup>.

#### Ideal for:

- Providing benefits to key employees
- Additional savings beyond employer-sponsored retirement programs

### What are the benefits?

#### For employer:

- Attract and retain key employees
- Supplemental benefits for select personnel
- Defer taxes to the time the employee actually receives the income
- One policy can be used to provide low cost life insurance during employment and help fund a retirement benefit later
- Flexibility—you choose the participants and level of benefits<sup>2</sup>

#### For employees:

- Security and protection for employee's family
- An additional source of retirement income
- Account value and interest compounds without current taxation
- Tax-free death benefit paid to beneficiary
- Availability of future tax-free loans<sup>3</sup>

<sup>1</sup> Guaranteed death benefit can expire if no premiums are paid following initial premium, or if subsequent premiums are insufficient or if account value is reduced by withdrawal or loan. Premium schedule is determined at time of application. Contact your local ERIE agent or see the policy for details.

<sup>2</sup> No IRS approval or mandatory participation required.

<sup>3</sup> Provided life insurance benefit remains in force. Contact your local ERIE agent or see the policy for details.



## How does it work?

- 1 Employer purchases a policy on the employee.
- 2 If the employee dies prior to retirement, the death benefit is paid tax-free to the beneficiary.
- 3 The policy can be structured to provide an income upon retirement. Alternatively, employer can pay benefits directly to the employee and recover costs from the policy death benefit proceeds.



*A sound way to accumulate retirement money.*

### Policy configuration

<b>Insured:</b>	Employee or employer
<b>Policyowner:</b>	Employer
<b>Beneficiary:</b>	Designated by insured employee

### Tax implications<sup>4</sup>

<b>Cash Values:</b>	Tax-deferred growth
<b>Death Benefit:</b>	Income-tax-free
<b>Premiums</b>	Not tax deductible

<sup>4</sup> Neither Erie Family Life nor its agent representatives give tax or legal advice.  
Please consult your attorney or tax advisor for answers to tax-related questions.

## Just Desserts

*A successful fine-dining establishment features an executive pastry chef whose decadent delights have had people flocking to the restaurant for nearly 20 years. Looking back, the owner is thankful he and his insurance agent talked about funding an executive bonus plan with a life insurance policy. The policy gave the chef added incentive to stay at the restaurant and will provide supplemental income when needed later in life. Is there a significant contributor or group of employees you want to reward?*

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## Executive Bonus Plan

Attract and retain your industry's best talent by offering an Executive Bonus Plan through Erie Family Life.

The advantages are numerous for both business owners and their most valuable employees.

### What is it?

An Executive Bonus Life Insurance Plan rewards select key employees by providing individual life insurance to help protect their families. Having your company pay the tax-deductible premiums may yield benefits for you and your employee. Working closely with your attorney or tax advisor will help identify any tax benefits.

At retirement, the employee may choose to use the policy's cash value as supplemental retirement income or to continue the life insurance protection. Your agent can provide details on how using the cash value will reduce or eliminate the death benefit.

### Ideal for:

- Recruiting strong candidates
- Retaining expert employees
- Designing an executive benefit plan with tax-deductible costs

### What are the benefits?

#### For employer:

- Effective way to attract and retain key employees
- Flexibility—you choose the participants and level of benefits<sup>1</sup>
- Cost-effective, easy to implement and maintain

Premiums are treated as cash compensation because the employee owns the policy. This results in immediate tax deduction.

#### For employees:

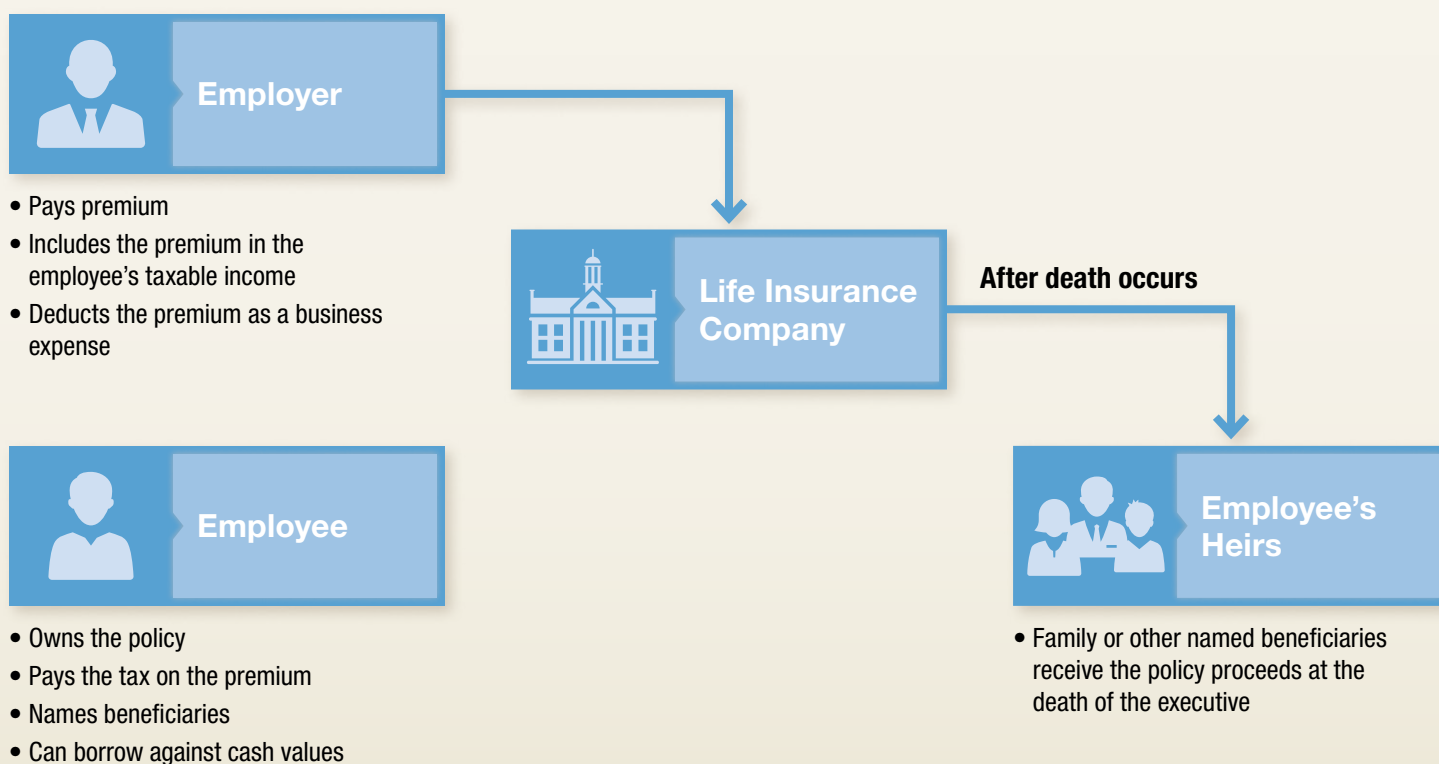
- Security and protection for employee's family
- Cash values grow on a tax-deferred basis
- An additional source of retirement income<sup>2</sup>
- Employee owns the policy and has control over the cash value and identity of the beneficiary

<sup>1</sup> No IRS approval or mandatory participation required.

<sup>2</sup> Guaranteed death benefit can expire if no premiums are paid following initial premium, or if subsequent premiums are insufficient or if account value is reduced by withdrawal or loan. Premium schedule is determined at time of application. Contact your local ERIE agent or see the policy for details.

## How does it work?

- 1 Employer purchases a policy on behalf of the employee.
- 2 Employer pays the tax-deductible premium as a bonus to the employee.
- 3 Employee owns the life insurance policy, including policy values, and chooses beneficiaries.
- 4 Employee receives added security, possible additional retirement income and can continue the policy if employment ends.



*Retain the talent your business needs to thrive.*

## Policy configuration

**Insured:** Key employee  
**Policyowner:** Key employee  
**Beneficiary:** Designated by key employee

## Tax implications<sup>3</sup>

**Cash Values:** Tax-deferred growth  
**Death Benefit:** Income-tax-free  
**Premiums:** Tax-deductible by employer as compensation to employee

<sup>3</sup> Neither Erie Family Life nor its agent representatives give tax or legal advice. Please consult your attorney or tax advisor for answers to tax-related questions.

### This is Erie Insurance

Erie Insurance has been protecting people, property and businesses—and treating people right—since 1925. ERIE is the company people can rely on. With our award-winning service, we offer the protection you need and the service you expect—all at a great price.

ERIE has offices in 12 states and the District of Columbia and more than 5,000 Employees and offers insurance through more than 12,000 independent agents. We have more than 5.2 million policies in force for auto, home and commercial insurance.

### This is Erie Family Life

Since 1966, Erie Family Life has been continuing the tradition of Erie Insurance, offering peace of mind and financial protection through annuities and term, universal and whole life policies. We service more than 325,000 life, annuity and disability\* income policies in force.

### Financially Strong

- Erie Insurance Group is ranked among the 500 largest U.S. companies, by *Fortune* magazine in 2017.
- Erie Family Life Insurance Company is rated A (Excellent) rating by A.M. Best Company. (Refer to *AM Best's Rating Report* brochure.)

To learn more about Erie Family Life products and the difference they can make for your business, contact your local ERIE agent.

*\*Disability insurance is no longer offered by Erie Family Life. Policies in force remain fully supported, however.*

*ERIE life insurance products and services are provided by Erie Family Life Insurance Company and are not available in New York.*



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Auto • Home • Business • Life

Home Office • 100 Erie Insurance Place • Erie, PA 16530  
814.870.2000 • [erieinsurance.com](http://erieinsurance.com)



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