

Nonqualified Benefits Questionnaire

◆ For _____ Prepared by _____ Date _____

This questionnaire has been designed to assist you in analyzing the possible benefits of creating or making changes to your nonqualified benefits program. Your Lincoln representative can assist you and explain the many features of nonqualified benefits plans.

Before designing a plan, it is important to establish what the employer and the executives wish to achieve. Determining which benefits are appropriate depends on your particular circumstances. Your advisor should be included in the design process to ensure that any legal documents are properly drafted and the total economic effects, including tax consequences, are fully understood.

GENERAL BUSINESS INFORMATION

◆ **Business name** _____ Phone () _____

Address _____

Contact person _____ E-mail _____

◆ **Type of business** _____

Business products or services _____

Organization:

Sole proprietorship

Partnership: General partnership or Limited partnership

Limited Liability Company

Corporation — for tax purposes, it is treated as a:

Subchapter C corporation, subject to corporate income tax at a marginal tax rate of ____%

or

Subchapter S corporation, treated as a pass-through tax entity

This business entity is a professional service association or corporation.

This business entity is required to retain cash or equivalent assets on its balance sheet for bonding purposes.

◆ **Accounting year-end**

Calendar

Fiscal year ending ____ / ____ / ____

◆ **Accountant**

Name _____

Address _____

Phone () _____ E-mail _____

◆ **Attorney**

Name _____

Address _____

Phone () _____ E-mail _____

BENEFITS INFORMATION

	Wish to add			Insurer/details
	Yes	No	or modify	
Group insurance (Life, Health, Dental, Disability)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Qualified pension/profit sharing/IRA/SEP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Salary continuation or deferred compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Split dollar plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Executive bonus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Disability income plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other (Please define your status below.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

BENEFITS INFORMATION

▶ Business owner

Please prioritize what is most important for you to accomplish through a nonqualified benefits program, with #1 as the highest priority. Do not use the same number for any two objectives:

- _____ Provide executives with incentives to stay with the business (golden handcuffs)
- _____ Allow executives to defer compensation
- _____ Create an asset owned and controlled by the business
- _____ Recover the cost of providing the benefit
- _____ Provide a supplemental income stream subject to income tax when received
- _____ Provide a supplemental income stream not subject to income tax when received
- _____ Provide life insurance coverage until retirement—amount of life insurance desired: \$_____
- _____ Provide life insurance coverage until death—amount of life insurance desired: \$_____
- _____ Receive a current income tax deduction

▶ Executive (only needed if executive is part of decision-making process of business)

Please prioritize what is most important for you to accomplish through an executive benefit program, with #1 as the highest priority. Do not use the same number for any two objectives:

- _____ Benefits after leaving employment, other than due to retirement, disability or death (portability)
- _____ Income or insurance benefits for others or payable to an irrevocable trust
- _____ Supplemental income stream that is not subject to income tax until received
- _____ Supplemental income stream that is not subject to income tax when received, but some portion will be taxed immediately
- _____ Life insurance coverage until retirement (amount of life insurance desired \$_____)
- _____ Life insurance coverage until death (amount of life insurance desired \$_____)

BENEFIT PARTICIPATION

- By class or management title _____
- By salary level _____
- As designated by the Board of Directors
- Restriction on those within _____ years of retirement
- Directors
- Combination of above _____

Note: It is important for certain plans that eligibility be limited to a "select group of management" or "highly compensated employees." This design is used to avoid unwanted income tax and ERISA consequences. It is important clients seek competent legal and tax counsel to determine which executives should be included in this plan.

DEFERRED INCOME BENEFITS

▶ Defined contribution plan (benefits based on amount contributed)

Formula for annual contribution amount:

- \$ _____ amount increasing _____% for _____ years
- _____% of compensation increasing _____% for _____ years
- Other _____

▶ Defined benefit plan (benefits based on formula)

Formula for annual benefit amount:

- A flat _____% of compensation with a cap at \$ _____
- _____% of _____ year final salary average
- Other _____

VESTING SCHEDULE

Vesting generally refers to the time that participants earn the rights to plan benefits and are no longer subject to service requirements. However, the right to benefits must remain an unfunded, unsecured promise to pay benefits in the future. The participants have no rights prior to actual payment other than as general unsecured creditors.

- Fully vested immediately (most favorable to executive)
- Vests after _____ years ("cliff vesting" generally favors employer)
- Graded vesting over _____ years (generally more favorable to executive)

BENEFIT DISTRIBUTIONS

The following events will permit distributions under the plan. Under the American Jobs Creation Act of 2004, these are the only permitted triggers in a nonqualified deferred compensation arrangement.

- At a specified time or schedule:
 - Normal retirement age of _____
 - The earlier of age _____ or age _____ with _____ years of service

BENEFIT DISTRIBUTIONS (continued)

- Other specified time or schedule
Payable as: installments over ____ years paid monthly/quarterly/
annually/other ____
 a lump sum
- Upon separation from service
Payable as: installments over ____ years paid monthly/quarterly/
annually/other ____
 a lump sum
- When the participant becomes disabled (unable to work for a period expected to last 12 months or more)
Payable as: installments over ____ years paid monthly/quarterly/
annually/other ____
 a lump sum
Benefit amount: equal to vested benefit
 equal to full retirement benefit
 other _____
- After the death of the participant
Payable to named beneficiary as:
 installments over ____ years paid monthly/quarterly/
annually/other ____
 a lump sum
Preretirement benefit amount:
 equal to vested benefit
 equal to full retirement benefit
 other _____
Postretirement benefit amount:
 continuation of executive's living benefit
 ____ % of executive's living benefit
 other _____
- After a change of ownership or effective control of the sponsoring company
- Upon an unforeseeable emergency, limited to amounts necessary to satisfy such an emergency. This is limited to a severe financial hardship from illness or accident to the participant, spouse, or dependent; or loss of property due to casualty (net of insurance), or other extraordinary and unforeseeable circumstance.

©2007 Lincoln National Corporation
www.LFG.com

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

LFD0612-2878
LIF-1766-06 RP 04/07

Order code: NQ-FACTFIND

Important disclosures. Please read.

Insurance company products are issued by Lincoln Financial Group® affiliates.

This material was prepared to support the promotion and marketing of an insurance company product. Lincoln Financial Group® affiliates, their distributors, or their respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S. federal, state, or local tax penalties. Please consult your own independent advisor as to any tax, accounting, or legal statements made herein.

Not a deposit	Not FDIC-insured	Not insured by any federal government agency
Not guaranteed by any bank or savings association		May go down in value