



BUSINESS PLANNING

Nonqualified Deferred Compensation

PRESENTED FOR

PRESENTED BY

BUSINESS PLANNING

IMPORTANT INFORMATION

This information is provided by American General Life Insurance Company (AGL) and The United States Life Insurance Company in the City of New York (US Life), members of American International Group, Inc. (AIG).

The information contained in this document is general in nature and intended for educational purposes only and is not a comprehensive analysis of the topic presented. The information may be subject to change and should be verified for accuracy and reliability (e.g., federal income tax statutes, rulings, etc. that may have changed since publication) and may be subject to differing legal interpretations. While the publisher has been diligent in attempting to provide accurate information, the accuracy of the information cannot be guaranteed. No representation or warranty, express or implied, is made by AGL, US Life and its affiliates as to the completeness of the information in this document. AGL and US Life shall not be liable for any loss or damage caused by the use of, or reliance on, the tax, accounting, legal, investment or financial items contained in this material.

The Company, its financial professionals and other representatives are not authorized to give legal, tax or accounting advice. For advice concerning your situation, consult your professional attorney, tax advisor or accountant.

To ensure compliance with requirements imposed by U.S. Treasury Regulations, we inform you that any tax advice contained in this document (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

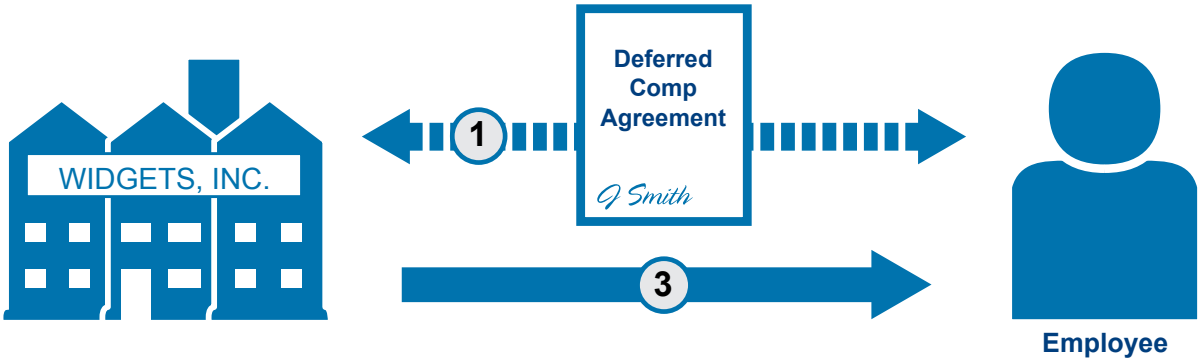
©2020. All rights reserved.



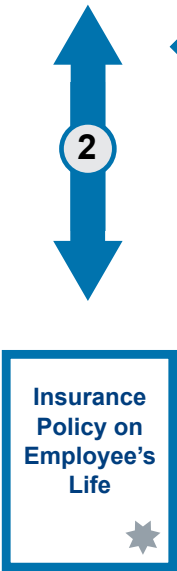
BUSINESS PLANNING

NONQUALIFIED DEFERRED COMPENSATION

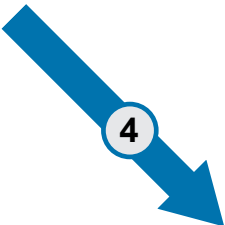
1. The employer and employee enter into an agreement specifying future compensation. A properly implemented agreement will defer taxation until a specified triggering event.



2. If the employer decides to informally fund the agreement, the employer may purchase an insurance policy on the employee's life.



3. When the employee retires (or otherwise meets the conditions of the agreement), the employer begins to pay benefits using the policy's cash value and/or other assets. These benefits are subject to the tax rules regarding policy withdrawals, loans and surrenders.



4. At the employee's death, the employer pays out remaining deferred compensation, per the terms of the written agreement, to the employee's named beneficiary. Death benefits received by the employer are received income tax free but payments paid to the beneficiary are income taxable.

