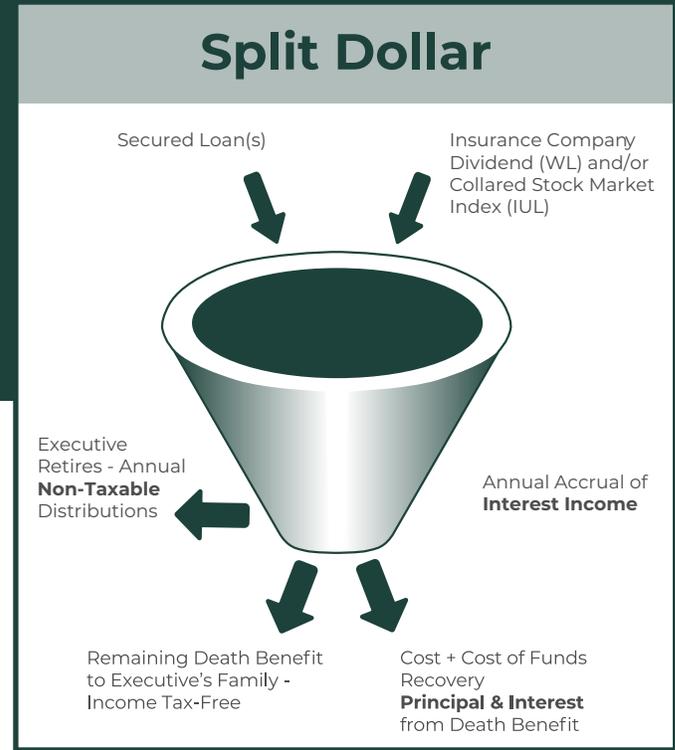
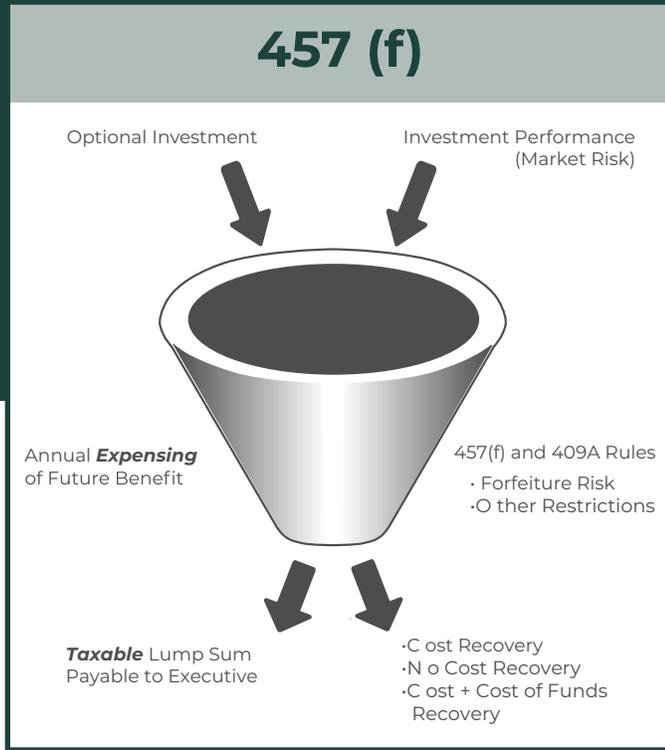


Supplemental Executive Retirement Plan Options

457 (f) vs. Collateral Assignment Split Dollar (Split Dollar)



457(f)

- Funding policy owned by the credit union with a promised future benefit.
- Regulated under IRS Section 457(f) and 409A. These sections restrict flexible design and future program changes.
- Risk of forfeiture is required to avoid taxation, when vesting occurs taxes must be paid.
- Benefit subject to creditors of CU.
- Funding the program generally creates financial liabilities that must be booked as expenses because of a promised future benefit.
- Generally lump sum taxation on vested amount or on the present value of a stream of future benefit payments.
- Limited distribution flexibility because of lump sum taxation.
- Few estate planning opportunities because of risk of forfeiture and lump sum taxation.
- NCUA Rule §750 puts future benefit at risk if credit union is impaired.

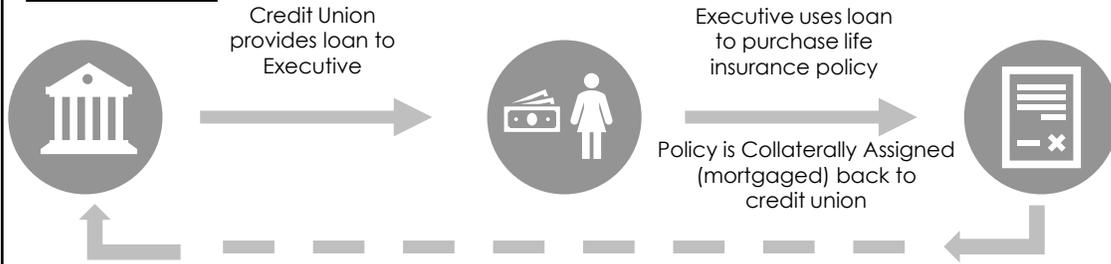
Split Dollar

- Funding policy owned by the executive with the credit union responsible for funding costs.
- Regulated under IRS §7872 which provides complete flexibility in plan design and future changes.
- No risk of forfeiture required, thus vesting can occur without triggering taxation.
- Benefit NOT subject to creditors of CU.
- Funding the program produces no expenses for the credit union and the loans are a performing asset (earning interest) of the credit union.
- Taxation based annually on imputed interest, total taxation generally lower than lump sum taxation. Accrued interest booked by credit union lowers taxes for executive.
- Complete distribution flexibility decided by the executive.
- Because of distribution flexibility, many estate planning opportunities.
- Specifically exempted from NCUA Rule §750.

Mortgage



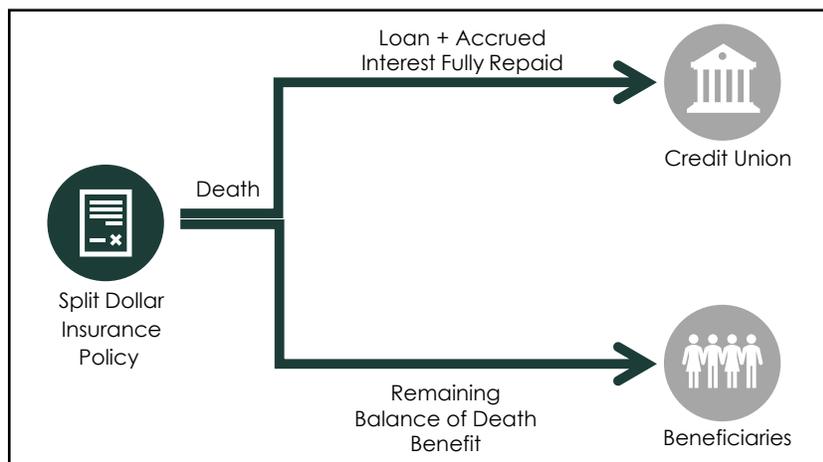
Split Dollar



Home Equity Line of Credit (HELOC)



Split Dollar



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