

NIW CashStream



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Taking Care of Employees Without Impacting the Bottom Line

As any successful business owner or manager knows, you're only as good as the people who work for you.

You've got loyal and talented employees that deserve to be thanked. But however deserving these people might be, funding nonqualified benefit plans, post-retirement benefits or buyout packages are expensive. Most companies don't have the cash immediately available, nor do they want to divert resources from critical other activities.

With CashStream, benefit programs can be funded in part or full with leveraged money. As a result, private businesses or government municipalities can put more of their revenue or budget allocations towards improving the business, while still taking care of their most valuable assets – *the people*.



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Giving New Meaning to ROI

There are several benefit initiatives that can be informally funded using CashStream. And while you probably have most of these programs in place, they're either not funded at a level that's to your (or your employees') liking; or they're funded with revenue that could be put to other uses.

- **Executive Benefit Plans** – CashStream can be used to informally fund non-qualified plans from the policy's cash values to support corporate benefits for key personnel. This is particularly compelling when groups of employees are combined.
- **Large 162 Executive Bonus Plans or 162 Plan Variations**
- **Employee Stock Option Programs (ESOP) Rescue** – CashStream insurance products provide both a death benefit and an income stream to the company. This cash can then be used for buy-back provisions in underfunded ESOP plans. It's important to note that this program doesn't rely on the death of the insured for the company to benefit.
- **Post-retirement Benefits/Health Care** – Former employees and their heirs are able to receive income even prior to the insured employee's death. In today's ever-changing financial environment, offering this type of reward for long-term loyalty and hard work is a very attractive addition to benefit packages.
- **Buyout Plans** – Typically, buyout plans require sizable cash reserves in order for older, senior management to retire. Either the company taps into its operating cashflow, or everyone must simply wait for someone to die. CashStream becomes an attractive alternative to other options available today.

Innovative Approach to Bettering Your Business

CashStream's design is fundamentally the same for businesses as it is for individuals that have a need for life insurance but don't want to tap into their income to pay for the premiums. Businesses can provide life insurance policies to their employees. By using

CashStream Case Study 1

Situation:

A company owner wants to create an enticing benefits package that includes significant post-retirement payouts.

Solution:

By using CashStream funded policies, the owner can not only offer attractive life insurance benefits today without tapping into cashflow or equity, but he can also pay substantial post-retirement benefits in the future by distributing the product's cash value once the loan has been paid. This could occur in at least 16 years (sooner if the company does decide to pay some of the premium).*

* Results subject to policy and design performance



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CashStream Case Study 2

Situation:

A medium-sized law firm has 10 partners that would like to retire, enabling younger members to join the management team. However, the firm does not have the cash required to offer an attractive buyout package.

Solution:

The firm funds insurance policies on the younger members using CashStream. The company's revenue is not impacted and the excess policy cash values are paid to the partners as a part of a comprehensive buyout package. If an employee dies prior to the loan being paid, the death benefit would likely be more than sufficient to pay off the loan and leave a sizable net amount for the family (depending on the design's structure and application.*

* Results subject to policy and design performance

the cash value of the policies combined with other assets (if necessary), businesses can collateralize a loan in order to fund the premiums instead of paying out-of-pocket.** With CashStream, interest is rolled up into the loan and an insurance product is used that has the opportunity to grow cash values that outperform the loan. When the cash value is sufficient, the loan is paid off and CashStream's purpose is realized – not only are the company's life insurance policies fully funded, but the excess cash values can be used for additional benefit offerings such as buyouts or post-retirement benefits.

In addition, CashStream's ability to generate a long-term return makes it an ideal choice when funding policies for the younger age market (20-55). As a result, your company is able to attract and retain top-notch talent because your benefit offerings are far superior to the rest.

A Savvy and Sound Alternative to Traditional Investing

All investment strategies or initiatives include some risk. But NIW goes to great lengths to mitigate that risk. Not only do we insist on full disclosure for clients, but our expertise in and understanding of the insurance and financial industries goes way beyond the norm. We have performed exhaustive research and drill down into these areas and CashStream is the result – a strategy that involves no more risk than most other investment methodologies, including 401k or mutual funds. Why is that? NIW's designs are built to work for the long haul, and our commitment to you is equally binding.

But it's important to note that CashStream doesn't fund programs for free. While the strategy may show little to no out-of-pocket costs, that doesn't mean there will never be a need to pay something. Although NIW strives to anticipate performance along with interest rate fluctuations, we cannot guarantee positive outcomes each year. The interest roll up design of CashStream is one way to reduce costs. As long as appropriate design assumptions and realistic interest rate forecasting are used, the product's cash value should, on average, grow at a higher rate than the loan. But as with all financial investments, that growth cannot be guaranteed.

CashStream – Making Good Business Sense

With today's tax laws, using NIW's CashStream to fund your company's benefit programs is one of the smartest decisions you can make. Not only are employees taken care of in a way they deserve, but you're able to free up cash for other worthwhile endeavors. Satisfied employees plus capital to improve and grow – the perfect scenario for success. ■

About NIW

Since 2000, NIW Companies, Inc. has combined long time industry experience with alternative thinking to develop sustainable financed solutions for life insurance. In our view, financing, when used correctly can both help reduce client costs and have a high probability of success. Great concepts only work if they stand the test of time and can weather adverse economic conditions. NIW concepts are designed with this specifically in mind.

To date NIW has:

- Financed life insurance for the last 14 years (including during the 2009 banking crisis), servicing both new as well as existing business
- Worked with many of the largest lenders in the world
- Has facilitated over \$4B of loans with the lowest failure rate and highest persistency in the industry

The Sensible Way to
Assure Employees Know
They are **Valued.**

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