

COLI/TOLI

A SMARTER STRATEGY FOR FINANCING THE EXPENSE OF EMPLOYEE BENEFITS

Corporate Owned Life Insurance (COLI) or Trust owned Life Insurance (TOLI) can reduce taxes on invested assets, increasing returns and shareholder value:

- **Short term:** COLI/TOLI programs typically target hedging P&L volatility and track benefit plan balance sheet liabilities.
- **Long term:** COLI/TOLI can increase benefit security and recoup overall plan costs, delivering greater value for plan sponsors.

COLI/ TOLI receives favorable accounting and P&L treatment, relative to taxable investments.

Income tax advantages make COLI/TOLI highly attractive to most companies, by delivering:

- Tax-deferred cash value growth.
- Tax-free fund reallocations within the policy.
- Tax-free receipt of death proceeds.
- Unique cash flow flexibility, created by the opportunity to access COLI/TOLI cash values via tax-free loans and withdrawals.

COLI CORPORATE-OWNED LIFE INSURANCE | TOLI TRUST-OWNED LIFE INSURANCE

| COMPARISON: COLI/TOLI vs. Taxable Investment | TAXABLE INVESTMENTS | COLI |
|---|---------------------|--|
| Large selection of available funds | YES | YES |
| Easy to implement | YES | MODERATE |
| Quality investment choices paired with advisors who can provide valuable diversification to existing 401(k) funds | YES | YES |
| Taxation on investment, dividends, and interest | YES | NO |
| Taxable event when changing investment allocation | YES | NO |
| Tax due on any unrealized gains upon asset withdrawal | YES | NO |
| Tax-deferred investment income | NO | YES |
| Annual expenses | MINIMAL | Initially higher, then tax advantages outweigh insurance costs |
| Tax-free proceeds | NO | YES |
| Cash accumulation tracks deferred compensation balances | YES | YES |
| Eliminates taxes on investment income | NO | YES |
| Tax-free access to cash to make benefit payments | NO | YES |
| Can be accretive to corporate earnings | NO | YES |

Find out how a COLI/TOLI financed employee benefits plan could change your company's financial future.



This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. Any tax advice contained herein is of a general nature. You should seek specific advice from your tax professional before pursuing any idea contemplated herein.

Securities offered through Valmark Securities, Inc. (VSI), a member of [FINRA](#) and [SIPC](#). Investment advisory services offered through Valmark Advisers, Inc. (VAI), an SEC registered investment advisor. Please refer to your investment advisory agreement and the Form ADV disclosures provided to you for more information. VAI/VSI are separate entities from OneDigital.

Unless otherwise noted, VAI/VSI is not affiliated, associated, authorized, endorsed by, or in any way officially connected with any other company, agency or government agency identified or referenced in this document.

Check the background of the OneDigital Executive Benefits Team on [FINRA's BrokerCheck](#).