

Executive *Edge*



An Executive Medical Reimbursement Proposal for:

ABC, Inc.

Presented by:

Gary Whiddon, CFP

Date:

5/13/2010



Executive Edge 1045 76th Street, Suite 4000 West Des Moines, IA 50266 888.463.0254 www.thetsjgroup.com

Executive Edge

The Advantages...

- Executive Edge is an insured medical reimbursement plan. Because this program is insurance, you do not lose the tax benefit by choosing which class or classes of employees receive this benefit. You do not need to cover all employees.
- Premiums paid, by you – the employer – on behalf of these key employees, are generally **TAX DEDUCTIBLE**.
- Reimbursements paid to your executives are typically **TAX EXEMPT**. Remember, reimbursements made through discriminatory self-funded, or so called “bonus” plans are subject to ordinary income tax (IRC Sec. 105 (h)).
- Choice of **TWO PLANS** with an annual maximum benefit of either \$200,000 or \$100,000.
- Executive Edge is a dynamic **RECRUITMENT AND RETENTION TOOL** for your company.

EXECUTIVE EDGE

provides the extra benefit
your employees want – and the
tax break your company needs.

Executive Edge provides an extra benefit
for your key employees by supplementing
your basic health plan.



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Executive Edge

Highlights

| | |
|---|---|
| AVAILABILITY | May be purchased by all business entities, including “C” Corporations, LLCs, LLPs, Sub S Corporations, General Partnerships and Sole Proprietorships. Executive Edge is not available in Colorado, Connecticut, Georgia, Kansas, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Dakota, Texas, Vermont or Washington. |
| ELIGIBLE REIMBURSEMENT EXPENSES | Out-of-pocket medical expenses not covered by your base health plan, such as deductibles, co-pays, etc. These expenses must qualify as medically necessary as defined and allowed under IRC Sec. 213. |
| INELIGIBLE EXPENSES | Cosmetic surgery, unless it is of a reconstructive nature. Any treatment not prescribed by a licensed practitioner, or Custodial Care. |
| MAXIMUM ANNUAL BENEFIT | \$200,000 or \$100,000 |
| UNDERLYING PLAN MINIMUM REQUIREMENTS | Medical: Calendar year deductible of not greater than \$5,000 and overall maximum out of pocket of \$10,000. Dental: None required Vision: None required |
| AD&D | All covered employees receive \$100,000 Accidental Death & Dismemberment policy. |
| ANNUAL PREMIUM | Fixed \$250 annually + 110% of claims |
| PARTICIPATION | Full-time employees, directors, retired employees, surviving spouses. MINIMUM: Executive Edge may be written down to one life except in North Carolina where there is a minimum of two lives. |

Disclaimer: This marketing material only offers a brief description of the Executive Edge policy. Complete policy provisions and coverages are described in the policy.

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Cost Summary Page

\$200,000 PLAN

ASSUMPTIONS:

$$\frac{5}{\text{\# of insured employees}} \times \$250 \text{ Fixed Premium} = \$ \frac{\$1,250.00}{\text{total annual premium plus 110\% of approved claims}}$$

MAXIMUM COST:

$$\frac{5}{\text{\# of insured employees}} = \$ \frac{\$310,000.00}{\text{maximum cost from chart at right}}$$

MAXIMUM PREMIUM CHART

| Number of covered individuals | Maximum Cost factor |
|-------------------------------|---------------------|
| 2 | \$ 92,000 |
| 3-4 | \$ 82,000 |
| 5-9 | \$ 62,000 |
| 10-14 | \$ 42,000 |
| 15-19 | \$ 32,000 |
| 20-49 | \$ 28,000 |
| 50+ | \$ 22,000 |



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Cost Summary Page

\$100,000 PLAN

ASSUMPTIONS:

$$\frac{5}{\text{\# of insured employees}} \times \$250 \text{ Fixed Premium} = \$ \frac{\$1,250.00}{\text{total annual premium plus 110\% of approved claims}}$$

MAXIMUM COST:

$$\frac{5}{\text{\# of insured employees}} = \$ \frac{\$155,000.00}{\text{maximum cost from chart at right}}$$

MAXIMUM PREMIUM CHART

| Number of covered individuals | Maximum Cost factor |
|-------------------------------|---------------------|
| 2 | \$ 46,000 |
| 3-4 | \$ 41,000 |
| 5-9 | \$ 31,000 |
| 10-14 | \$ 21,000 |
| 15-19 | \$ 16,000 |
| 20-49 | \$ 14,000 |
| 50+ | \$ 11,000 |



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CLAIMS SUBMISSION

It's very important that claims be first submitted to your base health carrier. Then, simply submit an Executive Edge claim form along with the Explanation of Benefits (EOB) from the underlying health plan. Once we have received the EOB, the Executive Edge claim form and appropriate premium, reimbursements are sent to the covered executives.

PREMIUM PAYMENT AND REIMBURSEMENT

You may select either of the following premium payment methods:

1. WITH CLAIMS SUBMISSION.

When sending the claims to Executive Edge, simply include a check for 110 percent of the total amount. Reimbursement will go out within five to seven business days.

2. PRE-FUNDING.

This method allows the employer to deposit an amount of money in a reserve account with Executive Edge. We will then use money from this account to immediately reimburse the covered executives for their claims. In addition, we will notify the employer whenever the reserve account needs to have funds added.

EXECUTIVE EDGE
is underwritten by
Pan American Life.



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