

insights

Benefit Costs Expected to Rise 8.9% this Year. Is Your Bank Ready?

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Prepared by:

Executive Benefits Network
626 East Wisconsin Ave , Suite 1000
Milwaukee, WI 53202
Phone 414.431.3999
Fax 414.431.9689
ebn-design.com



Knowledge You Can Bank On™

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Rising employee benefit costs— especially healthcare costs— can put your bank at a competitive disadvantage. Benefits financing strategies, such as BOLI, can be designed to help you implement a more cost-effective strategy to offset some, or all, of your bank’s employee benefits expense while actually improving your bottom line.

Healthcare cost offset

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Medical Insurance Expense (1)	\$978,000	\$1,056,240	\$1,140,739	\$1,231,998	\$1,330,558
BOLI Gain Above 2% Investment Performance Yield (2)	\$152,000	\$154,888	\$157,831	\$160,830	\$163,885
Net Cost	\$826,000	\$901,352	\$982,908	\$1,071,169	\$1,166,673
Total Savings	16%	15%	14%	13%	12%

“Attract, retain and reward the talent key to your success.”

(1) Based on cost of current health insurance premiums with an assumed 8% annual increase.

(2) Based on the incremental earnings advantage of BOLI versus a taxable 2% yield in an alternative investment.

BOLI assumption: \$8 million initial investment at a current net yield of 3.1% after expenses and cost of insurance.

Alternative Investment: 2% pre-tax yield and a corporate tax rate assumption of 40%.

With benefit costs on the rise, there could not be a better time to consider BOLI. The gains your bank can make through BOLI can enable your bank to continue to offer a competitive benefits package— one that helps you attract, retain and reward the talent key to your success.

For more information, please contact Executive Benefits Network today.

Executive Benefits Network welcomes questions and comments. Please contact Nikki Kook at (414) 755-8276 or nkook@ebn-design.com.

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About Executive Benefits Network

Executive Benefits Network (EBN) specializes in the design, administration and informal financing of customized **deferred compensation** plans and the procurement of **Bank Owned Life Insurance (BOLI)** programs. BOLI can help offset the costs of **nonqualified plans** for key employees and/or the costs of existing employee benefits. In addition, BOLI is immediately **accrue to earnings** and improves non-interest income and shareholder value.

EBN emphasizes the importance of **education** and builds long-lasting relationships with clients. As the **leading industry advisor**, EBN develops **customized** plans to attract, retain and reward **key executive talent**. EBN can service in all 50 states and has access to the highest rated insurance companies in the nation. Please contact EBN today for more information on how to improve your financial portfolio.

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