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**FOR IMMEDIATE RELEASE**  
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**BURNS-FAZZI, BROCK AND NAFCU SERVICES OFFER FREE  
PODCAST ON EXECUTIVE SPLIT DOLLAR  
RETIREMENT PLANS**

-Compliance Deadline Effective Dec. 31-

WASHINGTON — NAFCU Services Corporation and its Preferred Partner for executive compensation and benefits, Burns-Fazzi, Brock, today announced a free podcast that discusses the legal and tax requirements that credit union executives must address in order for their split dollar plans to be in compliance with new requirements by the end of 2008. If not amended by the end of 2008, the executive might be subject to significant penalties.

In order to address the urgency of the 2008 compliance deadline, Burns-Fazzi, Brock is offering a free split-dollar legal and policy review to all NAFCU members. NAFCU members can learn more at [www.nafcu.org/bfb](http://www.nafcu.org/bfb).

The 24-minute podcast may be accessed at [www.nafcu.org/bfb](http://www.nafcu.org/bfb) or on the NAFCU Services podcast site with show notes at <http://nafcuservices.podbean.com>.

In 2003, the IRS and the Financial Accounting Standards Board (FASB) created a new set of final regulations for split dollar plans. According to one of the podcast's experts, Larry Brody of Bryan Cave LLP, these changes have significant legal and tax implications for credit union executives. "The tax rules were never clear as to what happens to any cash left in split dollar policies at the termination of the agreement (a.k.a. retirement)," said Brody. "The new set of final regulations in 2003 is very clear: this money is taxable. Many credit union executives with older plans are surprised to learn this."

Recently, FASB began requiring organizations to account for split dollar plans where they had not before. "For the first time, there is going to have to be an accrual on



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the credit union's books, and how it is accrued depends on several things, such as who owns the policy – the employee or employer,” said Brody.

A third wave of changes to split dollar life insurance came in 2005, with another set of IRS rules that apply to deferred compensation plans, specifically split dollar plans. “If you terminate an old plan, and an employee walks away with cash value having repaid the employer, those amounts are taxable. It’s one more change mid-stream for existing plans that I don’t think anybody anticipated,” says Brody. “Both existing and new split dollar plans must be reviewed. If not amended by end of 2008, the *executive* is subject to penalties.”

According to executive compensation firm Burns-Fazzi, Brock, there are underlying policy issues to examine as well. “In addition to legal and tax issues, there are issues with the product,” says the podcast’s second speaker, Christine Burns-Fazzi, principal at Burns-Fazzi, Brock. “Even a 1 percent change in yield can affect the benefit by as much as 30 percent. That can have a big effect on your retirement planning.”

According to the 2008 NAFCU Compensation & Benefits Survey, co-sponsored by Burns-Fazzi, Brock, approximately 18 percent of credit unions have an executive with a split dollar plan.

Burns-Fazzi, Brock is a leading compensation consultant. Since 1995, it has provided an increasingly wide range of retirement benefits and other compensation-related services to credit union and bank executives, directors and employees. Burns-Fazzi, Brock’s broad expertise in the complex tax, accounting legal, regulatory, funding and administrative issues that govern the use of benefits/compensation programs by financial institutions allows it to deliver a wide range of solutions to clients. Learn more at [www.bfbbenefit.com](http://www.bfbbenefit.com).

NAFCU Services Corporation is a wholly owned subsidiary of the National Association of Federal Credit Unions (NAFCU). Since 1975, NAFCU Services has partnered with the industry’s leading solutions providers to offer value-added products and services at a discount to credit unions. Currently, it offers 28 Preferred Partner programs to the credit union community. For more information about NAFCU Services Corporation, please visit [www.nafcu.org/nafcuservices](http://www.nafcu.org/nafcuservices).

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