

## Premium Financing Benefits All Parties Involved

COLLEGE FOOTBALL

### Michigan, Jim Harbaugh agree to contract addendum



#### SI WIRE

Thursday August 18th, 2016

Michigan and head football coach Jim Harbaugh agreed to a contract amendment that will increase his total compensation in the form of an insurance loan.

According to records via a Freedom of Information Act request **obtained** by ESPN.com, Harbaugh will be paid \$9 million for the upcoming season.

The second-year coach will continue to be paid his \$5 million salary until his contract ends in 2021, but the school will loan him \$4 million in this season plus another \$2 million for the following five years that will pay for the premium on a life insurance policy.

[manny@BestMoneyStrategies.com](mailto:manny@BestMoneyStrategies.com) (email) 410-855-5373 (cell)

Harbaugh received the first \$2 million loan on June 3.

If Harbaugh leaves the school for any reason or is terminated, Michigan stops the loans on the insurance premium payments. Another \$2 million payment will be paid out if Harbaugh is still the school's coach on Dec. 6 and every year on that date until his contract ends.

Harbaugh will need to pay back the money Michigan loaned him if the policy is canceled for any reason. He does not need to repay the loan until he dies, as long as the insurance policy remains active. Should he die while the school is paying for the policy, his beneficiaries will get no less than 150 percent of the premium that has been paid.

Harbaugh, 52, is in the second year of a seven-year contract. He receives \$500,000 in base salary and another \$4.5 million in other compensation, with a 10 percent increase after the third year.

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## **BENEFITS FOR**

### **EMPLOYERS**

- Recruit & Retain Key Employees
- Plan Contributions are Assets vice Expenses on Balance Sheet (Loans)
- No FICA Cost Associated With Plan
- Can Selectively Offer to Desired Employees

- No ERISA Reporting
- Simpler Administration Than Traditional Deferred Comp Plans
- Natural Vesting Built Into the Plan
- Employees Value Meaningful Benefits
- Contributions are Pre-taxed

### **EMPLOYEES**

- Critical Injury Benefits (Coma, Brain Injury, Paralysis, Burns)
- Critical Illness Benefits (Cancer, Stroke, Heart Attack, etc)
- Chronic Illness Benefits (ADL assistance)
- Terminal Illness Benefits (12-24 months)
- Death Benefit for Beneficiaries

- Leverage 3 to 1 (more Benefits for less cost)
- Cash Accumulation
- Potential Growth Tax Deferred
- Potential Tax-Free Withdrawals
- Potential Protection from Judgement

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