



BENEFITS & INSURANCE SPECIALISTS FOR CREDIT UNIONS

Powered by Triscend^{MP}

Mergers & Acquisitions

How advanced insurance plans can help



Agenda

Webinar Will Be Recorded

- About BenefisCU
- Mergers & Acquisitions
- How to Refer
- Q&A

Please ask questions in the chat.

About BenefisCU

Moving credit unions from customers to partners in the advanced insurance solutions market.

Your credit union will now be able to offer advanced insurance solutions to meet the recruitment, retention and risk management needs for themselves, their peers and their business members. Through a national collaboration with other credit unions, your credit union now has access to more specialized and member-centric products.

CU Equity Members:

American Heritage FCU (Philadelphia, PA)

Desert Financial (Phoenix, AZ)

Goldenwest CU (Ogden, UT)

MAPS CU (Salem, OR)

Michigan State University FCU (E. Lansing, MI)

Oregon Community CU (Eugene, OR)

Redstone FCU (Huntsville, AL)

Sandia Laboratory FCU (Albuquerque, NM)

University FCU (Austin, TX)

Non-CU Members:

Triscend^{NP}, LLLP (Dallas, TX)

Dollar Associates (Birmingham, AL)

About BenefisCU

Powered by Triscend^{NP}



Non-Profit Markets Served:

- Credit Unions
- Healthcare
- Higher Education
- Associations
- Faith Based Organizations
- Other Non-Profits

Featured In:

- Credit Union Today
- Credit Union Times
- CU Broadcast
- CU Management
- Trustee Magazine
- Becker's Healthcare
- LEAP
- The Leader's Board
- American College of Healthcare Executives
- Forbes Non-Profit Council
- Associations Now (ASAE)

Since 2010
Triscend has
generated over

**\$49
MILLION**

in profits for its
strategic partners.

Triscend^{NP} CUSO Leadership



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Additional Specialized Talent powered by Triscend^{NP}

Marketing | Sales | Analytics | Underwriting | Implementation | Accounting



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Advanced Insurance Solutions

Executive Benefits

Credit Union/Business Owned Life Insurance | Split-Dollar | Executive Bonus | 457(f) Deferred Compensation | Long-Term Care | Disability

Business Protection

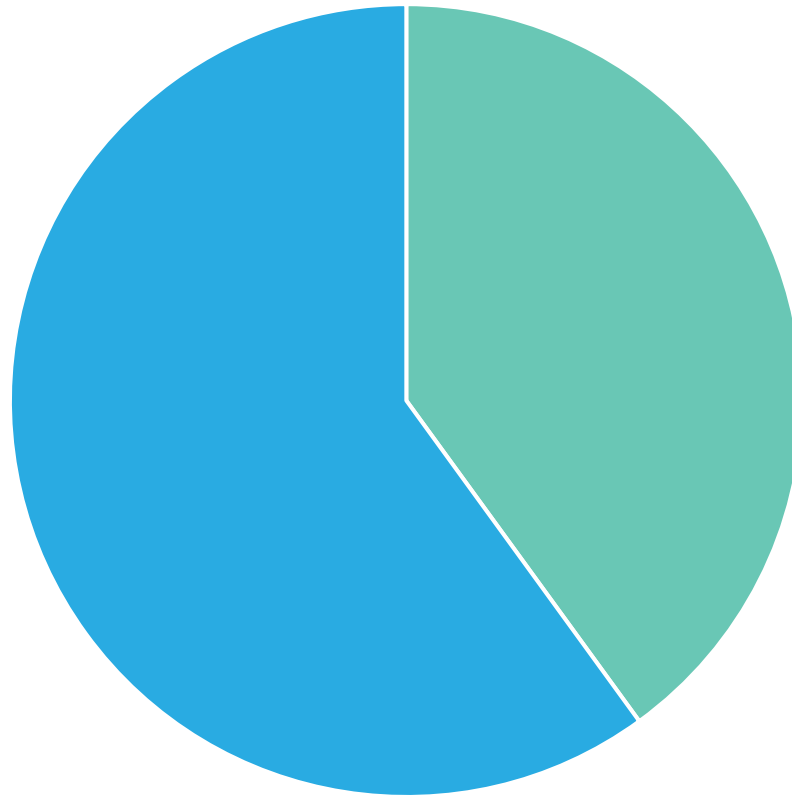
Disability | Key Man | Business Expense | Buy/Sell | Payment Protection

Channels



Traditional Acquisitions: The Goodwill Component

Hypothetical Purchase Price Components



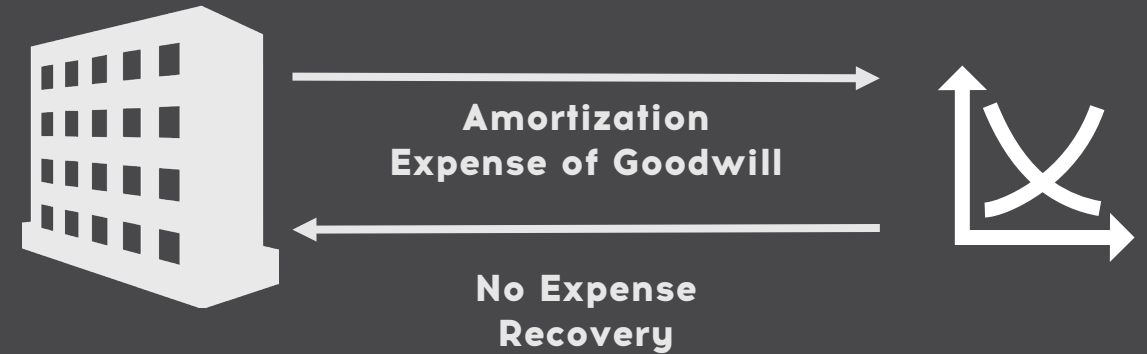
■ Hard Assets ■ Goodwill

Goodwill is the amount of a business purchase price that is in excess of the fair value of its assets.

Buyers will typically pay for Goodwill due to synergies associated with a potential transaction.

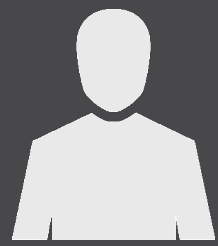
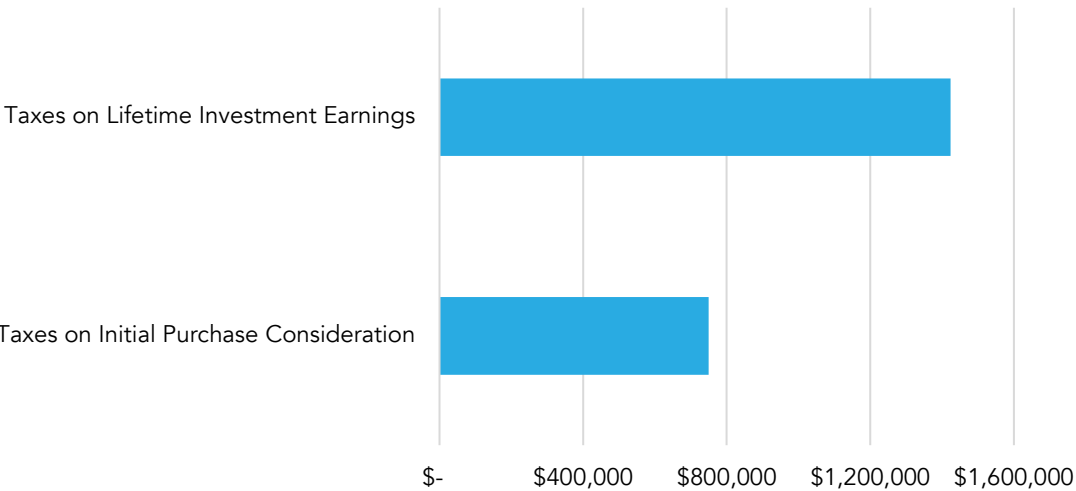
Traditional Acquisitions Impact to Buyer

- Under GAAP, goodwill amortization is permissible for non-public companies as an alternative to annual impairment tests.
- Typical amortization period is 10 years.
- Negative impact to income statement and balance sheet.
- Example: \$5 million acquisition, \$3 million of goodwill = \$300,000 annual expense.
- No expense recovery



Traditional Acquisitions Impact to Seller

50-Year-Old Seller, \$3 Million Sale of Goodwill,
Total Tax Scenario



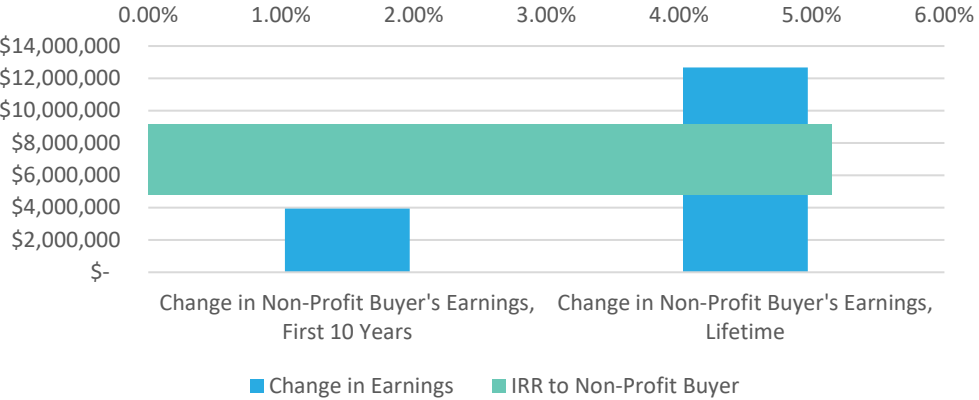
Split-Dollar Overview and M&A Application

- Split-Dollar loan funds two policies. Repayment Policy to reimburse non-profit buyer the split-dollar loan, plus interest, at death. Accumulation Policy to provide tax-favored retirement income to Seller.
- Purchase price is reduced by the amount allocable to split-dollar (some or all of the goodwill). Booked by the non-profit buyer as an accreting asset with no goodwill amortization expense.
- Key issue becomes the economics to the Seller. How does paying taxes compare to the cost of the Repayment Policy? How does wealth accumulation and future retirement income compare?
- Given the positive outcome to the non-profit buyer, is non-profit buyer willing to provide a “kicker?”

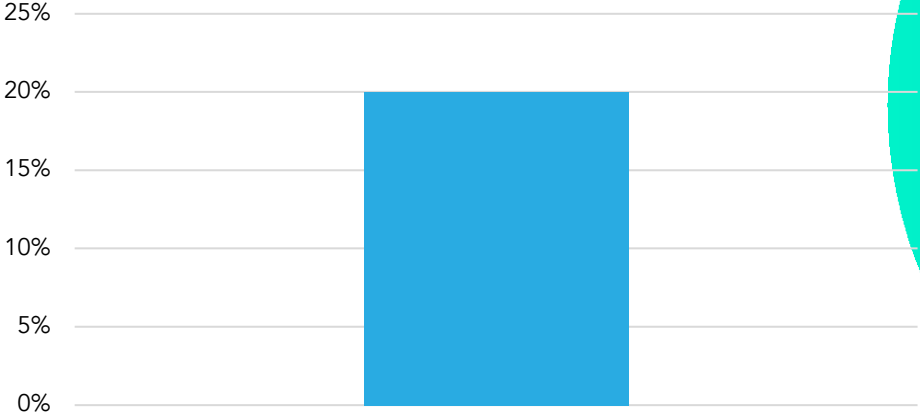


Sample Results

Change in Non-Profit Buyer's Financial Results,
\$3M Goodwill Purchase vs. \$4.3M Split-Dollar



Change in Projected Retirement Income to Seller



\$4.3 million split-dollar loan in lieu of \$3 million traditional purchase of goodwill.

50 year-old Seller

Survivorship Policies

Goldenwest Credit Union Case Study

- Purchase of a for-profit Title Company with four owners
- Converted \$2.5 million of Goodwill to \$3.0M split-dollar loan, allocated to sellers based on ownership
- Average projected increase in retirement income to sellers equal to 20%
- Elimination of goodwill expense from \$2.5 million of goodwill, and replaced with an accreting asset
- Vesting parameters added to the split-dollar plan to ensure active, ongoing participation by the sellers in the combined business

Questions/Comments?



How to Make a Referral

Remember, you don't have to have to be an expert in BenefisCU products to make a referral, that's our job. Your role is simply to identify the potential either with a credit union or business member. From there, the team at BenefisCU powered by Triscend^{NP} handles the entire process, including education, financial modeling, quoting, underwriting, and product placement.

Step 1
Identify the
Opportunity

Step 2
Contact us
with the details

Step 3
You're done!
We'll take it from there



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Thank You!

Thank you for your time. This training has been recorded and will be made available in your credit union's BenefisCU marketing portal.