Split-Dollar Life Insurance - College Coaches Contracts

By Martin J. Greenberg and Gabe Ellis

I. Introduction

Universities must explore new avenues to attract and retain high-level employees and coaches. One of those avenues is through offering such employees split-dollar life insurance policy arrangements included within their employment contract. Although this is not a new business concept, this is a relatively new, unique offering to college coaches. Split-dollar life insurance arrangements can provide advantages to both the university and the coach with the intent to form a long-term commitment from both parties. Prominent examples of coaches who have utilized split-dollar life insurance arrangements include, but are not limited to Dabo Swinney (Clemson Football Coach), Brian Kelly (LSU Football Coach), Jim Harbaugh (former University of Michigan Football Coach), James Franklin (Penn State Football Coach), and Dawn Staley (South Carolina Women's Basketball Coach).[1]

Split-dollar arrangements are permitted by the Internal Revenue Service ("IRS") to take one of two different forms: (1) an "economic benefit" or (2) a "loan" arrangement. Which type of arrangement is put forth will determine the benefits that are derived from the arrangement, although both arrangements serve similar purposes. An understanding of how split-dollar insurance arrangements are conceived, the purpose of split-dollar insurance arrangements, the long and short-term benefits of split-dollar insurance arrangements, and the tax ramifications of split-dollar insurance arrangements are important for universities and coaches to determine if a split-dollar insurance arrangement is an appropriate benefit to add to the coach's package.

[1] *5 Universities that Use Split-Dollar Life Insurance to Recruit and Retain Top-Tier Coaches*, Thomas Financial (last accessed Feb. 15, 2025), https://thomasfinancial.com/2021/12/21/5-universities-that-use-split-dollar-life-insurance-to-recruit-retain-top-tier-coaches/.

II. What is Split Dollar Life Insurance

a. Split-dollar life insurance arrangement

Split-dollar life insurance is an arrangement between two or more parties that agree to share the expenses and the benefits of a permanent cash value or cash accumulation life insurance policy.[2] This arrangement is typically between an employer and employee, such as a university and a coach.[3] The "split" comes from the employer and employee sharing the costs and benefits of a life insurance policy provided to the employee.[4]

It should be noted that split-dollar insurance arrangements are not subject to the Employee Retirement Income Security Act (ERISA), which provides for more flexibility in creating the arrangement.[5] However, the insurance arrangement is still taxed and must comply with certain tax requirements.[6] IRS regulations permit two forms of split-dollar arrangements, an "economic benefit" arrangement or a "loan" arrangement.[7]

In an economic benefit arrangement, the employer retains ownership of the policy and pays the premium but assigns certain rights and benefits to the employee.[8] The employee will have the right to name beneficiaries who would receive a portion of the death benefit.[9] However, the employer, as owner of the policy, will retain the right as beneficiary of the policy up to a certain

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[2] Global Financial Distributors, *Colleges Coax Elite Coaches with Split-Dollar Life Insurance*, GlobalFD.com (Apr. 14, 2021), https://www.globalfd.com/blog/colleges-coax-elite-coaches-with-split-dollar-life-insurance/; Thomas E. Shea & Danielle Weiseman, *Split Dollar Life Insurance Arrangement as Part of a Key Employee Retention Plan: Not Just for High-Profile College Coaches*, Stern & Eisenberg, (Dec. 15, 2020), https://sterneisenberg.com/split-dollar-life-insurance-arrangement-as-part-of-a-key-employee-retention-plan-not-just-for-high-profile-college-coaches/.
[3] Global Financial Distributors, *supra* note 2.
[4] Tori Addison, *Split-Dollar Life Insurance: What it is and how it Works*, Market Watch (Oct. 2, 2024), https://www.marketwatch.com/guides/life-insurance/split-dollar-life-insurance/.
[5] Richard Rosen, *How Split-Dollar Life Insurance Works*, Investopedia (July 29, 2023), https://www.investopedia.com/articles/professionals/010616/split-dollar-life-insurance-how-it-works.asp.
[6] *Id.*
[7] *Id.*
[8] Addison, *supra* note 4.
[9] *Id.*

amount of the death benefit, usually in the amount of the employer's premiums paid.[10] The policy also provides a cash value calculated every year based on the value of the death benefit while also considering the age of the employee.[11]

Split-dollar arrangement structured as a loan arrangement must follow the rules specified in IRC Sec. 7872.[12] In a loan arrangement, the employee owns the policy, and the employer pays the premiums.[13] However, through a collateral assignment, the employee gives an interest in the cash value and death benefit of the policy to the employer for the amount the employer paid in premiums.[14] The collateral assignment permits the employer to recover the premiums paid if the employee dies or if the agreement is terminated.[15] The premium payments are treated as loans to the employee that must be provided at an interest rate based on the applicable federal rate (AFR).[16] The premium payments are considered separate loans each year, which allows for them to be structured as either term or demand loans.[17]

The premium loans are usually significant amounts of money. Former University of Michigan Football Coach, Jim Harbaugh, had a split-dollar arrangement at Michigan that provided a death benefit of approximately $75 million.[18] It is reported that Michigan made annual premium payments of $2 million per year for seven years, with two years of premiums advanced in 2016.[19]

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[10] *Id.*
[11] *Id.*
[12] Chelsea, *Put Me in Coach! Using Split Dollar Life Insurance Plans to Compensate Plans to Compensate Division I Coaches*, Private Risk Capital (November 9, 2023), https://privateriskcapital.com/put-me-in-coach-using-split-dollar-life-insurance-plans-to-compensate-division-i-coaches/.
[13] Addison*, supra* note 4.
[14] *Id.*
[15] Rosen, *supra* note 5.
[16] Addison, *supra* note 4.
[17] *Id.*
[18] Chelsea, *supra* note 12.
[19] *Id.*

LSU and Penn State make premium loans to their head football coaches, Brian Kelly and James Franklin, of approximately $1 million annually.[20]

Generally, the split-dollar insurance arrangements are designed to pay a high premium for a low death benefit.[21] The reason for this is that split-dollar insurance arrangements are typically designed to grow cash value quickly, as opposed to receiving large death benefits.[22] This becomes relevant when considering termination of the split-dollar insurance arrangement.

Split-dollar life insurance arrangements generally terminate in one of three ways: (1) when the employee dies, (2) when the agreement terms end, or (3) when one party chooses to terminate the agreement.[23] When the agreement terminates, the employer will receive the amount owed to them pursuant to the agreement.[24] This may come in the form of the premiums the employer paid, policy cash value, or the amount owed in loans. The remaining benefits will pass to the employee's beneficiaries. [25]

When the arrangement terminates and the employer is repaid, the employee or their beneficiaries will receive full ownership of the policy.[26] In a loan arrangement, the collateral restrictions under the agreement will be released.[27] In an economic benefit arrangement, the employer will typically transfer ownership of the policy to the employee.[28] The employee then

[20] *5 Universities that Use Split-Dollar Life Insurance*, *supra* note 1.
[21] Shea &Weiseman, *supra* note 2.
[22] *Id.*
[23] Addison, *supra* note 4.
[24] *Id.*
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.*

would own the policy, and the value of the policy is taxable as income.[29] However, if the termination occurs due to the employee's death, the beneficiaries receive a tax-free death benefit.[30]

b. How coaches can benefit

Whichever arrangement is chosen, be it a loan arrangement or an economic benefit arrangement, the crux of the insurance arrangements is paying the highest premium for the lowest death benefit.[31] Although the death benefit may be lower, the cash value of the policy grows faster than it would otherwise under a typical policy for higher death benefits.[32]

The policy's cash value is one of the greater benefits to a coach entering a split-dollar insurance arrangement. The cash value accumulates over the duration of the policy which is tax-deferred.[33] The cash value is accessible to the coach by withdrawing from the policy or by borrowing the money at the applicable tax rate.[34] Also enticing for the coach is the cash value accumulation in excess of the employer's loan balance that must be repaid is accessible to the coach tax free at the termination of the arrangement.[35] The loan repayment to the employer generally does not include accrued interest.[36] To this end, the split-dollar life insurance arrangement also serves a purpose similar to that of a typical retirement account.

The cash value can accumulate rapidly. The cash value is also accessible tax-free upon retirement.[37] Although cash value accumulates, the arrangement is still made around a life

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[29] *Id.*
[30] Rosen, *supra* note 5.
[31] Global Financial Distributors, *supra* note 2.
[32] *Id.*
[33] *Using Life Insurance in a Split Dollar Plan*, Guardian Life (last accessed Jan. 6, 2025), https://www.guardianlife.com/life-insurance/split-dollar.
[34] Global Financial Distributors, *supra* note 2; *Using Life Insurance in a Split Dollar Plan, supra* note 32.
[35] Shea &Weiseman, *supra* note 2.
[36] *Landing 5-Star Recruits: How Successful People Use Split-Dollar Life Insurance to Retain & Reward*, TRC Financial (Feb. 16, 2022), https://www.trcfinancial.com/post/become-an-apprentice-learn-how-successful-people-use-split-dollar-life-insurance-to-retain-reward.
[37] Chelsea, *supra* note 12.

insurance policy. The coach, and eventually the coach's beneficiaries will still receive some sort of death benefit.[38] Importantly, the death benefit is tax free.[39] This makes the split-dollar insurance arrangement an effective estate planning tool.

To put the cash value and death benefit accumulation into context, "Chelsea," of Private Risk Capital Development Advisors, LLC, provided the following example of a split-dollar strategy:

> Joe Smith, age 45, is the head football coach at State University, a Division I powerhouse. [He] is about to sign a new seven-[year] contract. In lieu of additional cash compensation, the university has agreed to lend Coach Smith $1 million per year for five years. The university is willing [to] delay repayment and annual interest payments until the coach passes away into Football Heaven.
>
> Coach Smith arranges a new family trust to purchase a $25 million policy on his life. The underlying is an equity indexed universal life policy. The crediting rate is 8.5 percent. In this case, the University bonuses the annual interest payment of $95,000 per year, based on the long term applicable federal rate of 1.9 percent.

Split Dollar Summary

University **Coach**

Year	Age	Net Premium	Due as Loan Receivable	Cash Value (net of loan receivable)	Death Benefit
1	45	1 million	$1 million	0	$25 million
10	55	5 million	5 million	3.44 million	$25 million
20	65	5 million	5 million	14.55 million	$25 million
30	75	5 million	5 million	43 million	$43 million
40	85	5 million	5 million	98 million	$103 million

> As you can see the program provides substantial benefits. At age 65, Coach Smith would have a cash value of $14.55 million that could be accessed on a tax-free basis as supplemental retirement income. In the event of death at age 85, the projected death benefit payable to the family trust would be $103 million, tax-free.[40]

[38] Addison, *supra* note 4.
[39] *Id.*
[40] Chelsea, *supra* note 12.

Overall, the coach has only minimal out-of-pocket costs relative to the benefits they receive.[41] However, the success of a split-dollar insurance arrangement is not guaranteed. The arrangement's success is dependent on certain factors, factors such as: applicable interest rates; life insurance policy projections which determine cash value; loan repayment provisions; and of course, job security which is necessary for the employer to provide the funds for the policy.[42]

Split-dollar life insurance arrangements have many tax ramifications which can be beneficial for both parties.

c. Tax ramifications

The tax ramifications of split-dollar insurance arrangements impact both the university and the coach. Notably, split-dollar arrangements are not subject to IRC § 409A tax treatments on deferred compensation plans.[43] Although both parties receive significant tax advantages, they cannot avoid paying taxes altogether. The taxability of the arrangement depends on who owns the policy, the owner of the policy is the owner for tax purposes.[44] The employer-university must report premiums paid by the university for all coverage exceeding $50,000 as compensation on the employee-coach's W2.[45]

In a loan arrangement, the only income tax the coach will pay is a tax on the imputed interest that the university is not charging them.[46] The loan must be provided at a rate that complies

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[41] *Landing 5-Star Recruits, supra* note 36.
[42] Shea &Weiseman, *supra* note 2.
[43] *Split-Dollar Life Insurance – Endorsement Method*, Issue Insurance (last accessed Jan. 6, 2025), https://issueins.com/wp-content/uploads/PLC-Spit-Dollar-Endorsement-Method.pdf.
[44] Rosen, *supra* note 5.
[45] Addison, *supra* note 4.
[46] *Landing 5-Star Recruits, supra* note 36.

with the applicable federal rate (AFR).[47] The loan rate can be agreed upon in the loan arrangement and will be set for each premium payment.[48] As such, the time period in which payments are due become important for a coach to receive a lower income tax rate.[49]

In an economic benefit arrangement, the coach will pay a tax for the benefits they own and are able to control.[50] The tax rate varies based on a rate set by the IRS that applies to each premium payment based on the policy value.[51] The IRS calculation takes into account the age of the coach and the death benefit available for the coach and their beneficiaries.[52]

What is reported as gross income is the value of the economic benefits received from the employer reduced by any amount that will be paid back to the employer.[53] The coach will pay taxes on the imputed interest or compensation in the form of premium payments, but the coach generally does not need to pay the employer back for any interest accrued.[54] Thus, the coach is only taxed on the "economic benefit" received, and not the policy's annual premium.[55] The economic benefit tax is usually only about 1-3 percent of the actual premium paid.[56] To put this into perspective, it has been estimated that under an economic benefit arrangement, the University of Michigan would have reported only about $68,250 as annual compensation for the $2 million annual premiums paid for former football coach, Jim Harbaugh.[57]

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[47] Addison, *supra* note 4.
[48] *Id.*
[49] *Landing 5-Star Recruits, supra* note 36.
[50] Addison, *supra* note 4.
[51] *Using Life Insurance in a Split Dollar Plan*, *supra* note 33.
[52] Addison, *supra* note 4.
[53] *Split-Dollar Life Insurance – Endorsement Method*, *supra* note 43.
[54] *Id.*
[55] Chelsea, *supra* note 12.
[56] *Id.*
[57] *Id.*

For the university, it generally cannot claim a tax deduction for premium payments provided to the coach.[58] However, the split-dollar life insurance arrangement also gives universities tax benefits. IRC § 4960 requires tax-exempt organizations to pay an excise tax of 21% of taxable compensation above $1 million or excess parachute payments paid to certain highly compensated employees.[59] Because § 4960 applies to current or former employees who are or were among the five highest paid in a tax year since 2017, it is very likely that many high-level coaches will be a covered employee.[60] However, funds paid for split-dollar life insurance arrangements are not subject to the 21% excise tax.[61]

When the split-dollar insurance arrangement terminates based on the death of the coach, the coach's beneficiaries will receive the remainder of the value of the policy that is not paid back to the university tax free.[62] It is noted that split-dollar arrangements can help reduce estate taxes.[63]

If the arrangement terminates because the agreement terms end, the release of all collateral restrictions and/or transferring of ownership in the policy will result in taxable income to the coach, deductible by the employer.[64] The same is true for termination of the insurance arrangement based on party choosing to terminate, although the university's tax may or may not be deductible.[65] If the insurance arrangement was designed to terminate at a certain point while the coach is living,

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58 Addison, *supra* note 4.
59 Life Insurance Strategies Group, *Pay Me in Life Insurance!*, Linkedin.com (Aug. 29, 2022), https://www.linkedin.com/pulse/pay-me-life-insurance-life-insurance-strategies-group/.
60 *Id.*
61 *Id.*
62 Addison, *supra* note 4.
63 *Using Life Insurance in a Split Dollar Plan*, *supra* note 33.
64 Addison, *supra* note 4.
65 *Id.*

this transition making the employee the sole owner of the plan is likely taxed as a form of deferred compensation under IRC § 409A.[66]

d. How the university can benefit

The main purpose of universities electing to offer split-dollar life insurance arrangements to coaches is simple. Split-dollar life insurance arrangements are an effective way to recruit, pay, and retain high-level employees like college coaches.[67]

The university can negotiate custom arrangements that are advantageous to the university while still providing a significant benefit to the coach at low cost for the coach.[68] The custom arrangements can plan premium contributions, assign rights and ownership, control value of the policy, and control repayment of the university's contributions.[69] The university can even negotiate to receive more than just their contributions made.[70] In the end, the university mostly benefits by attracting and retaining high level coaches and saving money on insurance and tax costs.[71]

The split-dollar insurance arrangement is a cost-efficient method to compensate coaches, and the university even receives a portion of their up-front expenses at later dates.[72] The insurance arrangement does not necessarily increase the costs of hiring coaches. In some cases, the university takes a portion of the coach's salary and invests it in the life insurance policy.[73]

As previously mentioned, tax-exempt organizations are subject to a 21% tax on taxable compensation above $1 million paid to university employees.[74] However, the split-dollar life

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[66] *Split-Dollar Life Insurance – Endorsement Method*, *supra* note 43.
[67] Global Financial Distributors, *supra* note 2.
[68] Addison, *supra* note 4.
[69] *Id.*
[70] *Id.*
[71] *Id.*
[72] *5 Universities that Use Split-Dollar Life Insurance*, *supra* note 1.
[73] Global Financial Distributors, *supra* note 2.
[74] Life Insurance Strategies Group, *supra* note 59.

insurance arrangement is not a traditional non-qualified deferred compensation plan subject to §457(f) or other forms of taxable compensation.[75] Thus, universities can save great amounts of money by taking a portion of the coach's compensation package and investing it into a split-dollar arrangement and avoiding the 21% excise tax on taxable compensation above $1 million.

The universities will also recover the payments made in the split-dollar arrangement.[76] The agreement shall dictate how the employer will be repaid, which generally is a return of premiums paid from the policy's cash value or death benefits.[77] If the arrangement provides for the recovery of any accrued interest in addition to the university's payments, the university may recover that amount as well.[78]

When the university receives their return of premiums paid depends on the process for repayment as laid out in the agreement. The university may receive their return upon the death of the coach, throughout the coach's lifetime from the policy's cash value, or some combination of the two.[79] Alternatively, if the coach leaves the university before retirement, the coach will likely be required to begin making repayments promptly.[80]

The university's right to repayment is secured. The return of premiums paid will be backed by the life insurance company through assignment of rights[81] or promissory notes to the university.[82]

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[75] *Id.*
[76] *Id.*
[77] *Id.*
[78] *Id.*
[79] *Landing 5-Star Recruits, supra* note 36.
[80] Shea &Weiseman, *supra* note 2.
[81] Rosen, *supra* note 5.
[82] *Landing 5-Star Recruits, supra* note 36.

III. Split-Dollar Life Insurance Examples

See Addendum A attached hereto and made a part hereof for examples of split-dollar life insurance contract examples as contained in past and current college coaching contracts.

IV. Conclusion

Split-dollar life insurance arrangements are an effective means of splitting costs for a life insurance policy between an employer and an employee. These life insurance arrangements are now being utilized by universities to recruit and retain high-level coaches to entice the coach with a great benefit that comes at little out-of-pocket costs for the coach. Both the university and the coach will benefit from split-dollar life insurance arrangements and both sides should consider this option when negotiating employment contracts.

Split-dollar life insurance is one of the many financial benefits that universities can offer to their coaches to attract and retain coaches. This kind of financial engineering, i.e. "CEO in Headphones," may include, but are not limited to: signing bonuses, retention/continuation/longevity bonuses, up-step life insurance/deferred compensation, buyout of previous employment contract, post coaching employment, forgivable loans, retirement plans/annuities, expense accounts, relocation payments, disability, up step disability insurance, entrepreneurial sharing, to name a few.

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CONTRACT EXCERPTS

A. The Ohio State University, Head Coach Employment Contract with Christopher Holtmann, June 9, 2017

Appendix A: Executive Benefit Agreement Term Sheet

Ohio State will enter into an Executive Benefit Agreement with Coach reflecting the following material terms and conditions:

General Benefits: Split dollar life insurance arrangement.

Application and Issuance of Life Insurance Policies: Coach will apply for one or more life insurance policies (referred to herein as "policy").

- Policy will be issued by an insurer or insurers selected by the University.
- Coach will have all rights of the "owner," including the right to designate beneficiaries and the right to take withdrawals (see below).
- Ohio State will maintain possession of policy until all contributions, plus interest at an at-market rate of return, have been repaid (collateral).

Contributions:

- Ohio State will make a contribution of $150,000 to the policy in July 2018 if Coach remains continuously employed as head coach of the Team through June 30, 2018.
- Ohio State will make a contribution of $300,000 to the policy in July 2019 if Coach remains continuously employed as head coach of the Team through June 30, 2019.
- Ohio State will make a contribution of $300,000 to the policy in July 2020 if Coach remains continuously employed as head coach of the Team through June 30, 2020.
- Ohio State will make a contribution of $300,000 to the policy in July 2021 if Coach remains continuously employed as head coach of the Team through June 30, 2021.
- Ohio State will make a contribution of $300,000 to the policy in July 2022 if Coach remains continuously employed as head coach of the Team through June 30, 2022.
- Ohio State will make a contribution of $300,000 to the policy in July 2023 if Coach remains continuously employed as head coach of the Team through June 30, 2023.
- Ohio State will make a contribution of $300,000 to the policy in July 2024 if Coach remains continuously employed as head coach of the Team through June 30, 2024.
- Ohio State will make a contribution of $300,000 to the policy in July 2025 if Coach remains continuously employed as head coach of the Team through June 30, 2025.

Notwithstanding the foregoing:

(1) If Coach's employment as head coach of the Team terminates during the contract year ending June 30, 2018, Ohio State will make a contribution to the policy for that contract year equal to $150,000, multiplied by a ratio, the number of which is the number of days

Coach was employed as head coach of the Team from January 1, 2018 through June 30, 2018, and the denominator of which is 181.

(2) If Coach's employment as head coach of the Team terminates during any other contract year, Ohio State will make a contribution to the policy for that contract year equal to $300,000, multiplied by a ratio, the number of which is the number of days Coach was employed as head coach of the team during that contract year, and the denominator of which is 365.

All contributions will be treated as loans for tax purposes.

Withdrawals Prior to Death Benefit: No withdrawals may be made under policy until after Coach's termination of employment with Ohio State or, if earlier, his disability. Following such event, withdrawals may be made from the cash value.

Death Benefit: Following Coach's death, the death benefit of policy will be payable as follows:

- Contributions paid plus interest at an at-market rate of return to Ohio State; and
- Balance of the death benefit to Coach's beneficiaries.

Tax Treatment: Intended to comply with the IRS's "loan regime." The parties acknowledge that Ohio State has not and will not provide tax advice to Coach regarding the benefit described herein. Ohio State encourages Coach to consult with his own tax advisors concerning the tax consequences of the benefit.

B. <u>Clemson University, Amended and Restated Employment Agreement with William "Dabo" Swinney, January 1, 2022</u>

9. Benefits, (h) Split-Dollar Life Insurance Benefits. Coach shall be eligible for split dollar life insurance benefits as and to the extent provided in, and as long as he satisfies the applicable requirements of, (i) the Cap-Ex Agreement between Coach and the University dated as of March 29, 2018, as amended by an Amendment No. 1 effective as of May 8, 2018, and (ii) the Cap-Ex Agreement between Coach and the University dates as of November 18, 2019, in each case as said agreements may subsequently be amended by Coach and the University from time to time (the "Cap-Ex Agreements"). The Cap-Ex Agreements are hereby incorporated by referenced into this Agreement.

C. <u>University of South Carolina, Employment Agreement with Dawn Staley, October 1, 2021</u>

7. Split-Dollar Life Insurance Program.

7.01: Split Dollar Life Insurance Program. In accordance with the terms of the Original Employment Agreement (specifically, Section 407 of Amendment #6 dated April 20, 2018) executed by the Parties, the University established a Split Dollar Life Insurance Program (CAP-EX Program") for Coach's benefit under which Coach will vest in and be entitled to the benefits of the CAP-EX Program on September 21, 2022 if she is employed by the University as the head women's basketball coach on such date. The CAP-EX Program is hereby incorporated herein by reference and shall continue in full force and effect, as follows:

(a) Contributions. The Unvierstiy shall fund the CAP-EX Program as set forth in Section 4.07 of Amendment #6 dated April 20, 2018 of the Original Employment Agreement. Accordingly, the University shall make the following remaining contribution to the CAP-EX Program provided Coach is employed by the University as head women's basketball coach on such date:

(1) $300,000 on September 21, 2022.

D. <u>Louisiana State University, Employment and IP License Agreement with Brian Kelly, April 8, 2022.</u>

5. Supplemental Benefit Plan. At Company's election, up to $1,000,000 per year of Supplemental Compensation may be recast to fund one of the following: (i) an annual loan to fund the continuation of Employee's existing Split-Dollar Life Insurance Arrangement, (ii) an annual loan to fund a new split dollar life insurance arrangement by agreement of the parties, or (iii) by agreement of the parties, the funding of some other deferred compensation program to benefit Employee or Company. Absent an election by Company or an agreement between the parties, such amount shall remain characterized and payable as Supplemental Compensation.

A. Life Insurance Premium Loans. In addition to Employee's participation in the LSU's general employee benefit programs, for Contract Years 2022, 2023 and 2024, LSU will loan Employee amounts to be used exclusively for the payment of premiums on a life insurance policy with respect to which Employee is the owner and insured, subject to and in accordance with the terms of the Premium Loan Agreement. On or before September 1, 2024, Employee shall have the option to extend the existing Split-Dollar Life Insurance Arrangement for Contract Years beginning after 2024 by providing written notice to the Athletics Director. If Employee exercises said option, annual Supplemental Compensation otherwise provided for in Section 1(A) hereof for Contract Years beginning on and after January 1, 2024 shall be reduced by $1,000,000 or such lower amount commensurate with the principal amount of the loans requested by Employee.

B. LSU shall retain an interest in any benefit payable under any policy or arrangement for which any loan is issued under this Section. The interest shall be for the total amount of any loans issued plus accrued interest as designated in any Promissory Note.

E. <u>Iowa State University, Amended and Restated Employment Agreement with Matt Campbell, December 31, 2023</u>

Amended and Restated Supplement Death Benefit Agreement

This Amended and Restated Supplemental Death Benefit Agreement ("Agreement"), is made effective January 1, 2018 ("Effective Date"), by and between Iowa State University ("University"), and Matthew A. Campbell, an Iowa resident ("Employee", together with the University, "the Parties").

RECITALS, WHEREAS:

A. Employee is serving as head football coach of the University ("Head Coach"), subject to and in accordance with the terms of an Amended and Restated Employment Agreement by and between the University and Employee dated effective January 1, 2018, as the same may be amended thereafter ("2018 Employment Agreement"; unless otherwise indicated, any capitalized term used herein shall have the meaning ascribed to it in the 2018 Employment Agreement):
B. The University is assisting Employee with his personal life insurance program by financing premium payments at the annual rate of Five Hundred Thousand and 00/100 Dollars ($500,000.00) for a life insurance policy for the Employee, subject to and in accordance with that certain Supplemental Death Benefit Agreement dated July 17, 2016, a copy of which is attached hereto as Exhibit A ("2016 Supplemental Death Benefit Agreement");
C. In addition to extending the term of Employee's employment as Head Coach and increasing Employee's compensation, the 2018 Employment Agreement includes a commitment to increase the level of financing of Employee's life insurance premiums to One Million and 00/100 Dollars ($1,000,000.00) annually; and
D. The Parties intend for this Agreement to (i) fully amend and restate their respective obligations under the 2016 Supplemental Death Benefit Agreement, and (ii) set forth their definitive understandings with respect to the additional life insurance financing provided for under the 2018 Employment Agreement, effective as of January 1, 2018.

AGREEMENT:

Now, Therefore, in consideration of the mutual promises contained herein, the sufficiency of which is hereby acknowledged, it is agreed between the Parties hereto that the above recitals are incorporated herein and as follows:

Article I, Acquisition and Ownership of Life insurance Policies

A. Employee has applied for and obtained life insurance policies issued by Americas Life Insurance Corp. ("Insurer") on the life of Employee Policy number I-000xxxxx, dated December 25, 2015 (the "2015 Policy") and Policy number I-000xxxxx, dated June 25, 2018 (the "2018 Policy"; together with the 2015 Policy, the "Policies"). The Policies shall be the exclusive property of Employee, who may exercise all rights of ownership with respect thereto subject only to the security interest of the University as provided in Article III of this Agreement and the Collateral Assignment provided for herein, and the University agrees to consent in Employee's exercise of al such rights of ownership subject to and in accordance with the terms of this Agreement and the Collateral Assignment.

B. Until Employee's Liability (as defined in Article III hereof) is paid in full, the University may require that Employee provide the University with a current illustration for the Policies based on the current charges and interest rate at the time of such illustration.

C. Before the termination of Employee's employment with the University, Employee shall have no right to obtain withdrawals or loans from the Policies. Following the termination of Employee's employment with the University for any reason other than Employee's death (in which case Article IV hereof shall apply), Employee shall have the right to obtain a withdrawal or loan from the Policies (including a series of withdrawals or loans for a period of up to twelve (12) months), subject to the University's consent, which consent shall be conditioned solely on the University's reasonable determination that, based upon the most recent Policy illustrations, the requested withdrawal(s) or loan(s) will not reduce the aggregate Policies' death benefits below the amount of the Liability (as defined in Article III hereof) to the University in an year until and including the year of Employee's attainment of age 100.

Article II, Premium Advances

A. Schedule. As of the Effective Date, the University has paid premiums with respect to the 2015 Policy aggregating One Million 00/100 Dollars ($1,000,000.00). On and after the Effective Date and during the Employment Term (as defined in Paragraph D below), the University will pay premiums at such intervals as the Parties agree (but in no event more frequently than monthly) with respect to the 2015 Policy and 2018 Policy (allocated equally between the Policies and referred to in the aggregate as "the Premium") for the periods (each a "Premium Loan Period") a follows: (i) $1,000,000 from January 1, 2018 through December 21, 2018; (ii) $1,000,000 from January 1, 2019 through December 31, 2019; (iii) $1,000,000 from January 1, 2020 through December 31, 2020; (iv) $1,000,000 from January 1, 2021 through December 21, 2021; (v) $1,000,000 from January 1, 2022 through December 31, 2022; and (vi) $1,000,000 from January 1, 2023 through December 31, 2023; provided, always, if the Employment Term ends for any reason other than Employee's death on a date other than the end of a Premium Loan Period, the University shall pay a final Premium and all other remaining Premiums that would have been paid during the Employment Term shall not be due or required. The final Premium paid hereunder shall be determined by prorating the Premium that otherwise would have been required for the applicable Premium Loan Period, based on the number of days that Employee remained in the University's employ during the applicable Loan Period. Any Premium paid hereunder shall be referred to as a "Premium Advance."

B. Treatment of Premium Advances as Split Dollar Loans. Each premium heretofore paid by the University or to be paid hereafter pursuant to Paragraph A of this Article II will be referred to hereunder as a "Premium Advance." Each such Premium Advance shall constitute a non-interest bearing nonrecourse loan to Employee that is treated as a below-market split-dollar term loan within the meaning of Treasury regulation section 1.7872-15, payable on Employee's death. Employee acknowledges that the University will comply with any income and employment tax reporting with withholding requirements resulting from such treatment. Further, Employee and University agree and acknowledge that it is reasonable to expect that the aggregate Premium Advances made pursuant to this Agreement will be paid in full, and to make and file written representations to that effect in the manner prescribed by Treasury regulation section 1.7872-15(d)(2).

C. Promissory Note. Employee will execute a full-course revolving promissory note ("Promissory Note") in favor of the University evidencing the obligation to repay the Premium Advances in a form satisfactory to the University.
D. Employment Term. For purposes of this ARTICLE II, "Employment Term" means the term of Employee's employment as described in Paragraph I(1) of the Employment Agreement.

Article III, University's Security Interest in the Policies

Employee hereby agrees to collaterally assign the Policies to the University as security for Employee's indebtedness to the University arising out of the Premium Advances (the "Liability") by executing one or more Policy endorsements in a form satisfactory to the University ("Collateral Assignment"). The Collateral Assignment shall give the University the right to collect out of the proceeds of the Policies an amount equal to the Liability upon the death of the Insured. In no event shall the Collateral Assignment grant to the University the right to surrender the Policy or to borrow against the cash surrender value of the Policy or any other right or power constituting an incident of ownership in the Policy.

Article IV, Death of Employee

In the event of Employee's death while this Agreement is in force, the proceeds of the Policies shall be divided into parts and paid by the Insurer as follows:

(i) The first part, in an amount equal to the Liability, shall be paid to the University; and
(ii) The second part, consisting of the balance of the death benefit, shall be paid to the beneficiary(ies) designated by Employee to receive the balance of the proceeds as set forth in the Policies, to be paid in accordance with the settlement option elected by Employee.

Upon satisfaction of the Liability to the University, this Agreement shall no longer have any force or effect.

Article V, Provisions Regarding the Insurer

A. The Insurer shall be bound only by the provisions of the Policies and any endorsement thereto; provided the Insurer will ensure that the University collects the amount of the Liability from proceeds of the Policies in accordance with the Collateral Assignment.
B. Any payment made or actions taken by the Insurer in accordance with the provisions of the Policies and any endorsement thereto shall fully discharge the Insurer from all claims, suits and demands of all persons whatsoever, if and to the extent that the Insurer has ensured the University's rights under Article IV of this Agreement.
C. The Insurer shall not be deemed a party to, or to have notice of, this Agreement or the provisions hereof and shall have no obligation to see to the performance of the obligations of the Parties hereunder except as provided in Article IV of this Agreement.

Article VI, Limits on Liability

In no event shall the University have any liability to Employee or any beneficiary of the Policies or other third party ("Claimant") for claims arising out of the investment performance of the Policy, or the income, estate or inheritance tax consequences to Employee, or any Claimant, arising out of this Agreement under federal or state law as currently in effect or as amended from time to time in the future.

Further, Employee hereby acknowledges that he has consulted with his personal financial and/or tax adviser(s) concerning the financial and tax consequences of this Agreement. Employee further acknowledges that, in entering into this Agreement, he is not relying on information from the University for his understanding of the investment merits of the Policies or the tax consequences of the Agreement.

Article VII, Miscellaneous

A. No Impact on Relationship of the Parties. Nothing contained in this Agreement shall be construed as conferring upon Employee or the University any additional rights or obligations with respect to continuation of Employee's employment with the University, or as altering the Parties' respective rights and obligations under the Employment Agreement.
B. Amendment. This Agreement may be amended, altered or modified, including by addition of any Policy provisions, but only by a written instrument signed by the Parties.
C. Assignment. This Agreement shall be binding upon the Parties, their legal representative, successors, and assigns. A party may assign such Party's interests and obligations under this Agreement with the other's written consent (which shall not be unreasonably withheld), subject to the terms and conditions of this Agreement.
D. Governing Law and Interpretation. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa. Further, this Agreement shall be interpreted and enforced in a manner such that the arrangement created by the University's payment of the Premium Advances is treated as giving rise to split dollar loans as described in Article

II hereof, and that such arrangement constitutes a bona fide death benefit plan not providing for the deferral of compensation for purpose of Sections 409A or 457(f) of the Code.

E. Disputes. Any and all claims or controversies between the Parties arising under this Agreement shall be settled consistent with the terms and conditions of the Employment Agreement.
F. Entire Agreement. This Agreement sets forth the entire agreement between the Parties with respect tot the subject matter hereof. Any and all prior agreements or understanding with respect to such matters are hereby superseded.

In Witness Whereof, this Agreement has been executed by and on behalf of the Parties hereto as of the day and year first written above.