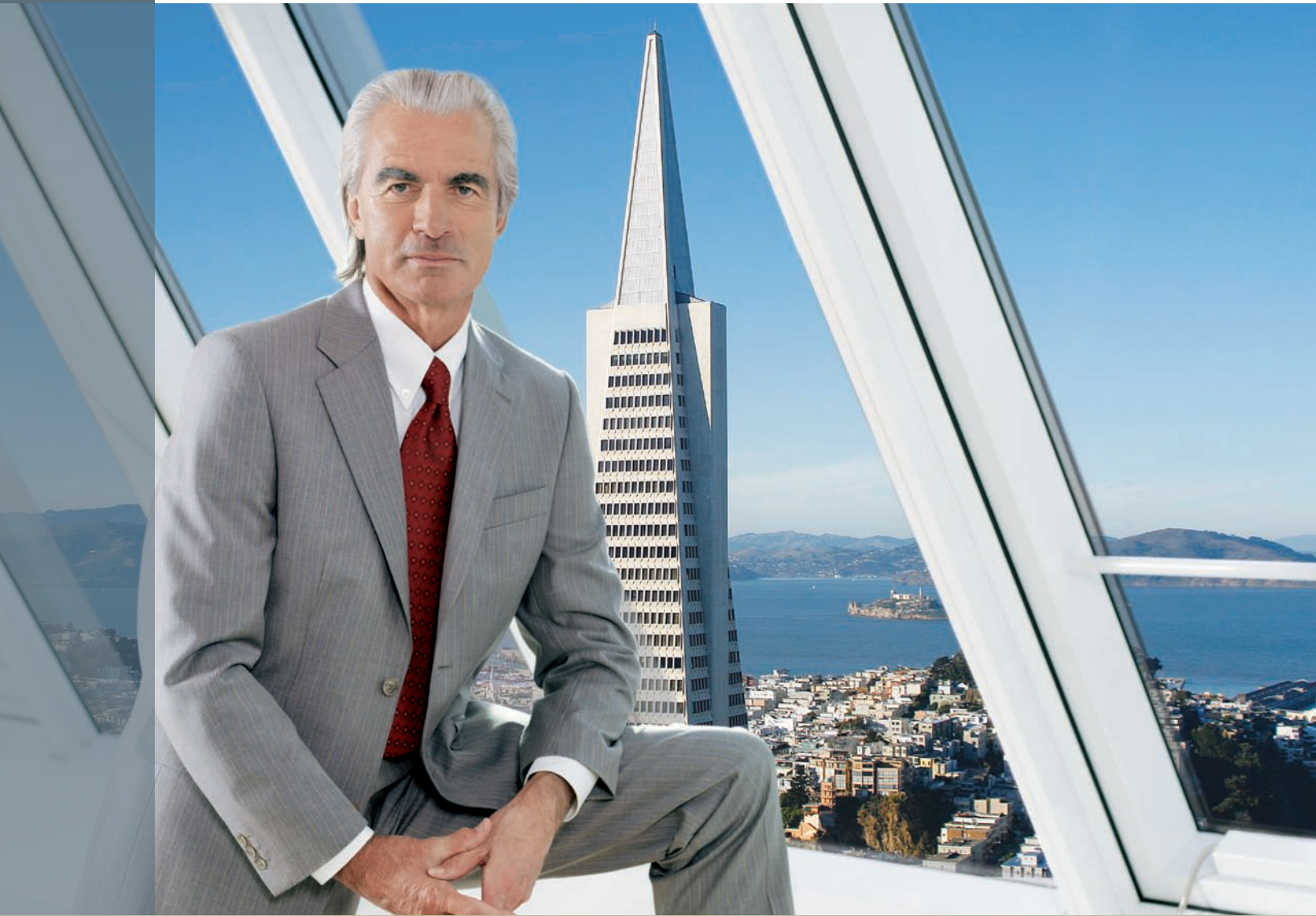




EXECUTIVE BONUS PLAN



Program Highlights & Fact Finder

A Rewarding Way to Retain Key Executives

In today's highly competitive business landscape, it is increasingly difficult to attract and retain key executives. Executive Bonus Plans can be an effective way to reward selected employees or owners while providing tax deductions for employers. Using an Executive Bonus Plan, companies can provide their key executives or owners growing cash values in the form of company-paid cash-value accumulation insurance policies.

Implementing this strategy is simple, since the plan is easy to administer and exempt from annual reporting and ERISA requirements.

Executive Bonus Plans using life insurance are ideally suited for:

- Small to midsize companies
- Companies that want to recruit and retain key employees
- Companies that don't offer qualified retirement plans
- Companies that want to offer benefits in excess of those offered by their qualified retirement plans
- Companies that want to provide these benefits exclusively to owners

The Benefits of an Executive Bonus Plan

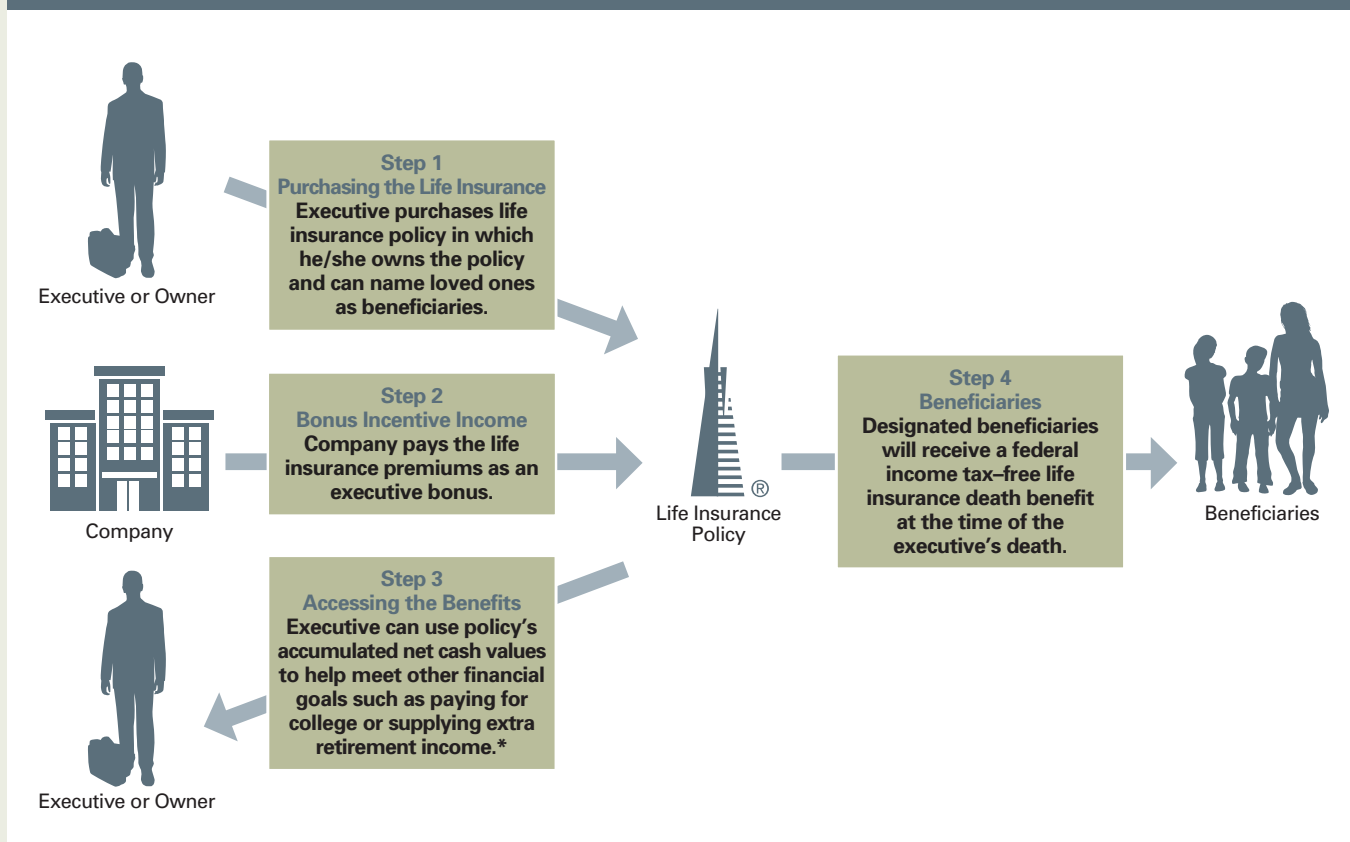
The employer...

- Distinguishes its compensation package
- Provides selected employees with attractive pre- and post-retirement benefits
- Generally receives income tax deduction for executive bonus payments
- Experiences less hassle since the plan is easy to communicate and maintain

The executive...

- Enjoys tax-deferred growth of life insurance policy cash value
- Provides income tax-free death benefit protection for named beneficiaries
- Owns the policy and has access to an additional source of income to help meet financial goals*
- Can save more for retirement, since the plan overcomes government limits

Here's How It Works



An Executive Bonus Plan is an essential part of a comprehensive executive compensation package. Employers can recruit and retain key associates by offering a truly valuable financial perk—death benefit protection and the tax-advantaged cash value of life insurance.

Step 1. Purchasing the Life Insurance

- Depending on risk tolerance, time horizon, and financial goals, the executive purchases a life insurance policy.
- The executive is the policy owner and can name his or her spouse or family as beneficiaries.

Step 2. Bonus Incentive Income

- The life insurance policy premiums are paid as a bonus to the executive.

- Since the executive may incur a tax liability from the premium bonus, the company may also pay the executive additional cash to offset tax liability. This is known as a “double bonus.”
- For the company, the bonus paid under the executive bonus plan is generally income tax-deductible as compensation.

Step 3. Accessing the Benefits

- The executive can use the policy's accumulated net cash values to help meet other financial goals, such as paying for college or supplementing retirement benefits.*
- In the event of the executive's death, named beneficiaries will receive an income tax-free life insurance death benefit.

*Loans and withdrawals will lower the policy value and net cash value and will lower the death benefit. Withdrawals or distributions may have adverse tax consequences, so please consult your tax advisor.

If the policy is considered a Modified Endowment Contract (MEC), distributions are treated first as taxable distributions of earnings in the policy. Withdrawals, loans, and assignments are considered distributions. Taxable distributions from a MEC prior to age 59½ may also be subject to a 10% federal income tax penalty.

Executive Bonus Plan Fact Finder

By completing this fact finder, we can develop a customized Executive Bonus Plan proposal showing an executive incentive bonus strategy.

Employee

Name _____

Annual Compensation \$ _____ Federal Tax Bracket _____ State Tax Bracket _____

Company Ownership (if any) _____ %

Employer

Name _____

Address _____

Entity Type: C Corporation S Corporation Partnership LLC

Federal Tax Bracket _____ State Tax Bracket _____

Total Number of Employees _____

Illustration

Type of Insurance: Fixed Universal Life Variable Universal Life

Product to Illustrate _____

Policy Assumptions: Current _____ Guaranteed _____ Illustrated (VUL) _____

Insured's DOB _____ State of Policy Issue _____

Gender: Male Female
 Smoker Nonsmoker

Assumed Risk Classification: Select Preferred Standard

Desired: Death benefit \$ _____ or minimum so as not to create a MEC _____

Death benefit option: Level Increasing with cash value Increasing switching to level

Plus-premium _____

Annual insurance premium \$ _____

Years to pay premium _____ or to age _____

Maximize income from policy at insured's age _____ for _____ number of years

If premium is not known, indicate desired cash flow _____

Policy cash value at 100 equal to:

Endowment at initial face _____ or keep in force until age 100 _____ or cash value equal to \$ _____

Executive Bonus Plan Fact Finder (page 2)

Plan Design

Bonus Amount: Single _____ Double _____ Specified \$ _____
Pay Bonus Until: Retirement _____ Specified \$ _____

Producer Information

Producer Name _____
Broker/Dealer Affiliation (required for variable life proposal) _____
Phone No. _____
E-mail Address _____
Date _____



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