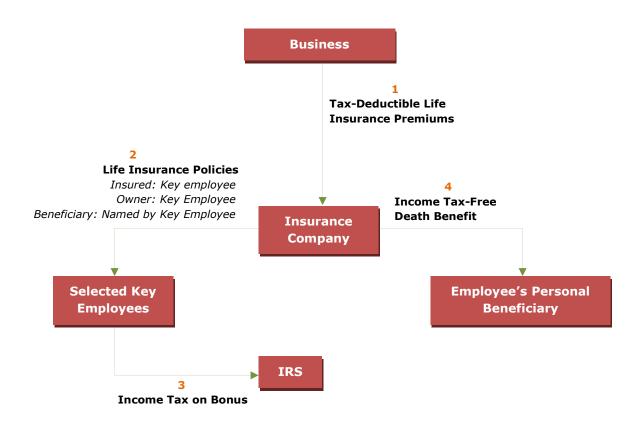
Executive Bonus Plan in Action

Here's how an executive bonus plan could work to reward and retain your key employees...



- 1. The business agrees to pay the tax-deductible premiums for life insurance policies applied for by selected key employees.
- 2. Each of the selected key employees owns the policy on his or her life and names a personal beneficiary for the death benefit. While alive, the key employee controls the policy's cash value and is entitled to any policy dividends paid.
- 3. The cost to the key employee is the income tax due on the premiums paid by the business as a bonus.
- **4.** At the key employee's death, his or her personal beneficiary receives the death benefit free of income tax.

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