

Restrictive Executive Bonus Arrangement

Problem:

A business owner is concerned that a key executive maybe recruited by another company or is considering early retirement. The owner wants to establish a selective employee incentive arrangement that will help recruit, retain, and reward key executives. At the same time, the business would like to maintain control and receive a current income tax-deduction.

Prospect:

- Small to medium sized business.
- Business that desires a current tax-deductible contribution.
- Reliant on the talents of a handful of key executives.
- Employer that is looking for an arrangement that is simple and straightforward to implement and administer.

Solution:

A Restrictive Executive Bonus Arrangement (REBA) is an executive bonus plan that adds incentives for long-term employment through the use of a restrictive endorsement on the policy values of an executive owned insurance policy. The endorsement, combined with an employment agreement, provides golden handcuffs to retain key executives. Properly structured, the bonus can be tax-deductible to the business.

Additional Benefits Of A Restrictive Executive Bonus Agreement

- **Benefits.** The arrangement can be funded with insurance products that can provide the executive with pre and post retirement death benefit protection and supplemental income.*
- **Flexible Design.** Contributions and distributions can be tailored to fit the specific needs of each executive.
- **Targeted Participation.** The business has the ability to pick and choose the employees that participate in the agreement.
- **Creditor Protection.** The insurance policy is owned by the executive and is beyond the reach of the companies' creditors.
- **Simple.** No IRS approval needed for implementation or termination.

Call our Advanced Marketing team to find out how a business client can use a REBA to recruit, retain, and reward their key executives.

*Withdrawals and loans from life insurance reduce policy cash values and death benefit, may affect any policy guarantees against lapse, and may have tax consequences.

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