

# Executive Bonus Plan



## *Program Highlights & Fact Finder*



 **TRANSAMERICA**  
INSURANCE & INVESTMENT GROUP

Transamerica Occidental Life Insurance Company

# A Rewarding Way to Meet Financial Goals

Providing for the family, putting the kids through college, and saving for retirement. Any one of these can be a challenge—even for highly compensated executives. Add them all together and it's a real financial balancing act. One way to help key executives meet their financial goals is the Executive Bonus Plan from Transamerica Occidental Life Insurance Company.

## Executive Bonus Plan

### Here's How It Works

#### *Step 1: Purchasing the Life Insurance*

- ❖ Depending on risk tolerance, time horizon, and financial goals, the executive purchases a life insurance policy from Transamerica Occidental Life Insurance Company.
- ❖ 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.

### What Are the Advantages?

With Transamerica's executive bonus plan, both employer and key executive benefit. Here's how:

#### *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.

#### *The executive...*

- ❖ Accumulates tax-deferred life insurance policy cash value.
- ❖ Provides death benefit protection for named beneficiaries.
- ❖ Has an additional source of income to help meet financial goals.\*

### Who Can Benefit from the Executive Bonus Plan?

- ❖ Small to midsize businesses.
- ❖ Employers who want to recruit and retain key employees.
- ❖ Executives who want to provide financial security for their families in a cost-effective manner.
- ❖ Companies that don't offer qualified retirement plans.
- ❖ Companies that want to offer benefits in excess of those offered by their qualified retirement plans.

\* Loans, withdrawals, and performance 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.

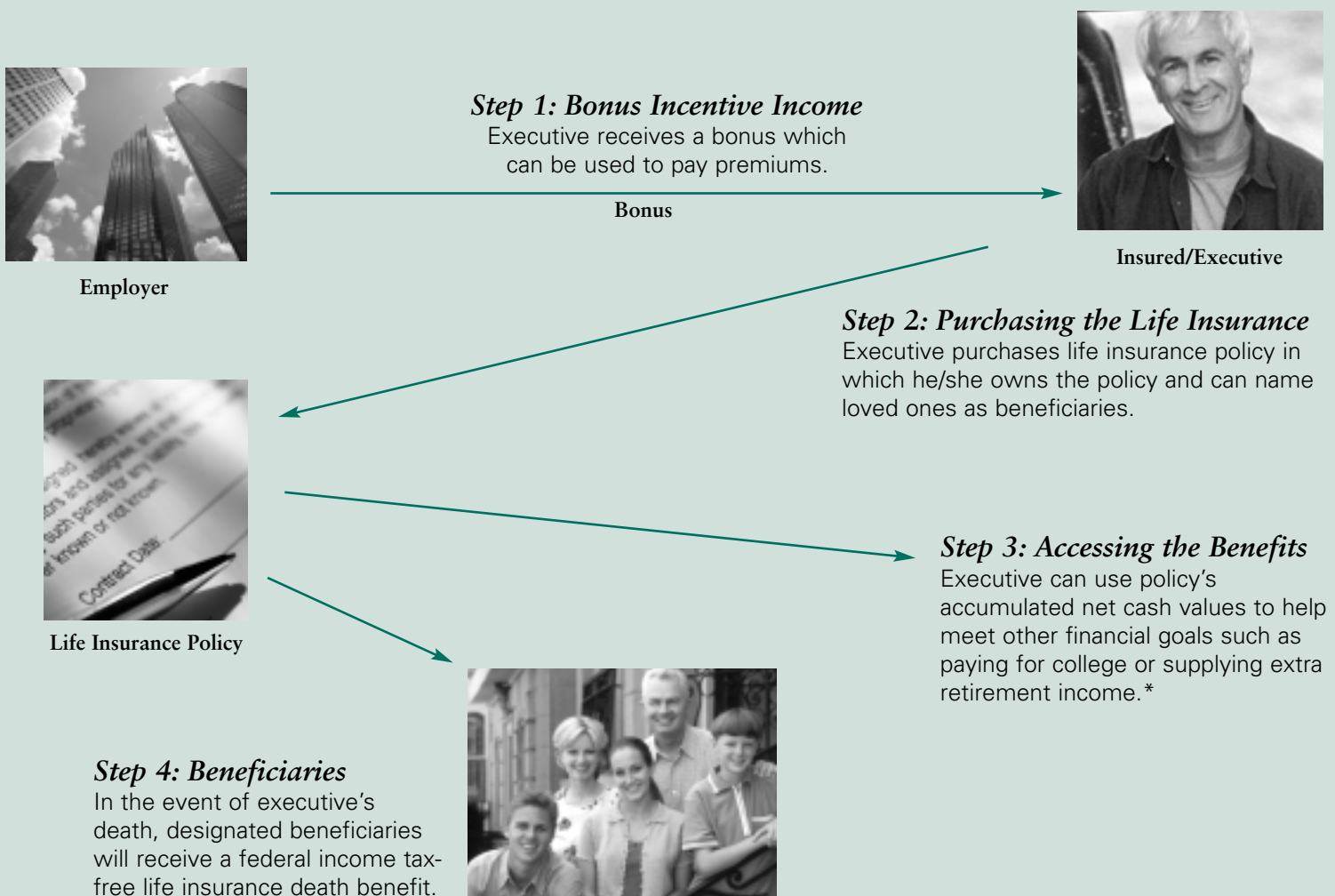
## Mission Accomplished: Enhanced Executive Benefits

Transamerica Occidental Life's executive bonus plan is an essential part of an executive compensation package. Employers can recruit and retain key associates by offering top officers a truly valuable financial perk—death benefit protection and the tax-advantaged cash value of life insurance.

## Individually Designed Proposal

By completing the attached fact finder, a Transamerica Occidental Life insurance professional can develop a customized executive bonus plan proposal showing an executive incentive bonus strategy.

### Executive Bonus Plan Using Life Insurance



# Executive Bonus Plan Fact Finder

## 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 from policy beginning in year \_\_\_\_\_, and ending in year \_\_\_\_\_

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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Transamerica clients and prospective clients can learn more about products and services at [www.transamerica.com](http://www.transamerica.com).

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