



Are You Taking Advantage of the Section 162 IRS Code?

WHAT IS A 162 EXECUTIVE BONUS PLAN?

Under an Executive Bonus Plan, the business enters into an agreement with the business owner or key partner to pay part or all of the premiums for a life insurance policy. The policy provides permanent life insurance protection for the owner or key partner while having the ability to build attractive cash value.

TAXATION

- ✓ The life insurance premium is paid as a bonus which makes it **fully tax deductible** at your business' tax rate.
- ✓ The bonus is taxed as ordinary income for the business owner or key partner.
- ✓ Death benefits are generally received tax-free by the policy owner's beneficiaries.

BENEFITS TO THE OWNER OR KEY PARTNER:

- No IRS or ERISA approval is needed.
- Cash value accumulates tax deferred.
- Customize benefits to individual needs.
- Plan creation and implementation is easy.
- Policy is owned by the business owner or key partner directly, not by the business.
- Little or no out-of-pocket expense to the business owner or key partner.
- Access to withdrawals with ability to choose when and in what amount. There is no penalty for early withdrawal, unlike a qualified IRA or non-qualified 409A plan.
- Source of supplemental retirement income.