



Executive Bonus Plan

with ROP Term



Securing
the success
of your
business...
your
employees'
are the
KEY

The Pitch

- Companies are counting on their best people to drive the success of their overall business
- Technology is driving change in the workplace; employees are working from home and have more freedom than ever before
- The 'new normal' work life creates vulnerability to the traditional employer / employee relationship
- Individual taxes are going up and employees place a greater value on tax free benefits for retirement
- Corporate taxes are going up and many businesses are looking for deductions
- An Executive Bonus Plan is an easy and cost effective way to lock in your top performers

An Easy, Simple Solution to Reward your Key People

The marketplace has changed and employee/employer relationships are evolving. Losing top employees after training and investing in them can significantly impact your business. Why leave things to chance...lock in your key people now.

Employer Why

REVENUE

- ✓ Is a significant portion of revenue attributable to a few key people?

KEY EMPLOYEES

- ✓ How much would it cost to recruit, hire and train a replacement for a key employee?

KEY CUSTOMERS

- ✓ How would your customers react to the loss of a key employee?

EXECUTIVE BONUS

- ✓ The amount invested is relatively insignificant in comparison to the benefit

Employee Why

BENEFITS NOW

- ✓ Needed insurance coverage to protect family.

BENEFITS LATER

- ✓ Tax free lump sum payment at retirement

COST

- ✓ Out of pocket cost very minimal

SIMPLE

- ✓ A straightforward plan, easy to understand all benefits

CASE STUDY



Mike is the Owner/CEO of a successful Insurance Agency in Dallas, TX and has been running a very profitable business for the last 20 years.

Mike wants to transition his agency to a younger team of professionals to lead the organization into the future.

Mike recently made a substantial investment into the business — hiring several sales people and staff to support the continued success of the organization.

SITUATION

The business is growing and Mike wants to reward his best people. Mike reviews several options in his search for attractive key person benefits and tax advantages for the business.

SOLUTION

Mike decides on a 162 Bonus Plan, using Term Insurance with a Return of Premium Rider. He selects 3 of his top performing sales people. Applications are completed and insurance exams are set-up for each to secure \$1,000,000 of insurance coverage.

CASE STUDY RESULTS

Premium	Life Insurance Protection	End of Term Cash Benefit	End of Term Paid up Insurance	Employee Tax 25%	Employee Rate of Return
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Matt Garcia,
Regional VP Sales:
Male Age 40
Standard Plus
25 Year ROP



\$3840	\$1 million	\$96,000	\$167,000	\$960	19% Guaranteed
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John Smith,
Executive VP Sales:
Male Age 47
Preferred
20 Year ROP
[Illustration](#)




\$6470	\$1 million	\$129,400	\$251,000	\$1617	13% Guaranteed
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Ann Matthews, COO:
Female Age 50
Preferred
20 Year ROP



\$6800	\$1 million	\$136,00	\$269,000	\$1700	13% Guaranteed
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WHY ROP TERM

Details:

- Simple & uncomplicated
- Built in vesting schedule
- Options with paid up policy
- Guaranteed cash value
- Good balance between permanent insurance and term insurance
- More coverage than a permanent policy with cash value
- 10% + rate of return for employees
- Conversion options

WHAT'S A 162 BONUS PLAN?

A 162 Bonus Plan is an arrangement where the employer effectively funds an employee's purchase of life insurance. The employee acquires and owns all rights of the policy. The employer in a 162 bonus plan does not anticipate reimbursement of any premiums paid, is not a direct or indirect beneficiary, and never owns an interest in the policy.

TAX IMPLICATIONS

Employee: The bonus is ordinary income to the executive and taxed at his/her normal income tax rate.

Employer: Typically the employer can take an income tax deduction for bonuses paid under the 162 bonus plan, provided the payments constitute compensation to the key employee.



162
BONUS
DETAILS

A man in a light blue shirt and dark pants stands on the peak of a large, reddish-brown rock. He is holding binoculars to his eyes and pointing his right hand towards the horizon. The background is a soft, hazy sky with warm tones of orange and yellow, suggesting a sunrise or sunset. The entire scene is framed within a white border.

“When
opportunity
presents itself,
don’t be afraid to
go after it.”

- Eddie Kennison

IDENTIFY THE OPPORTUNITY

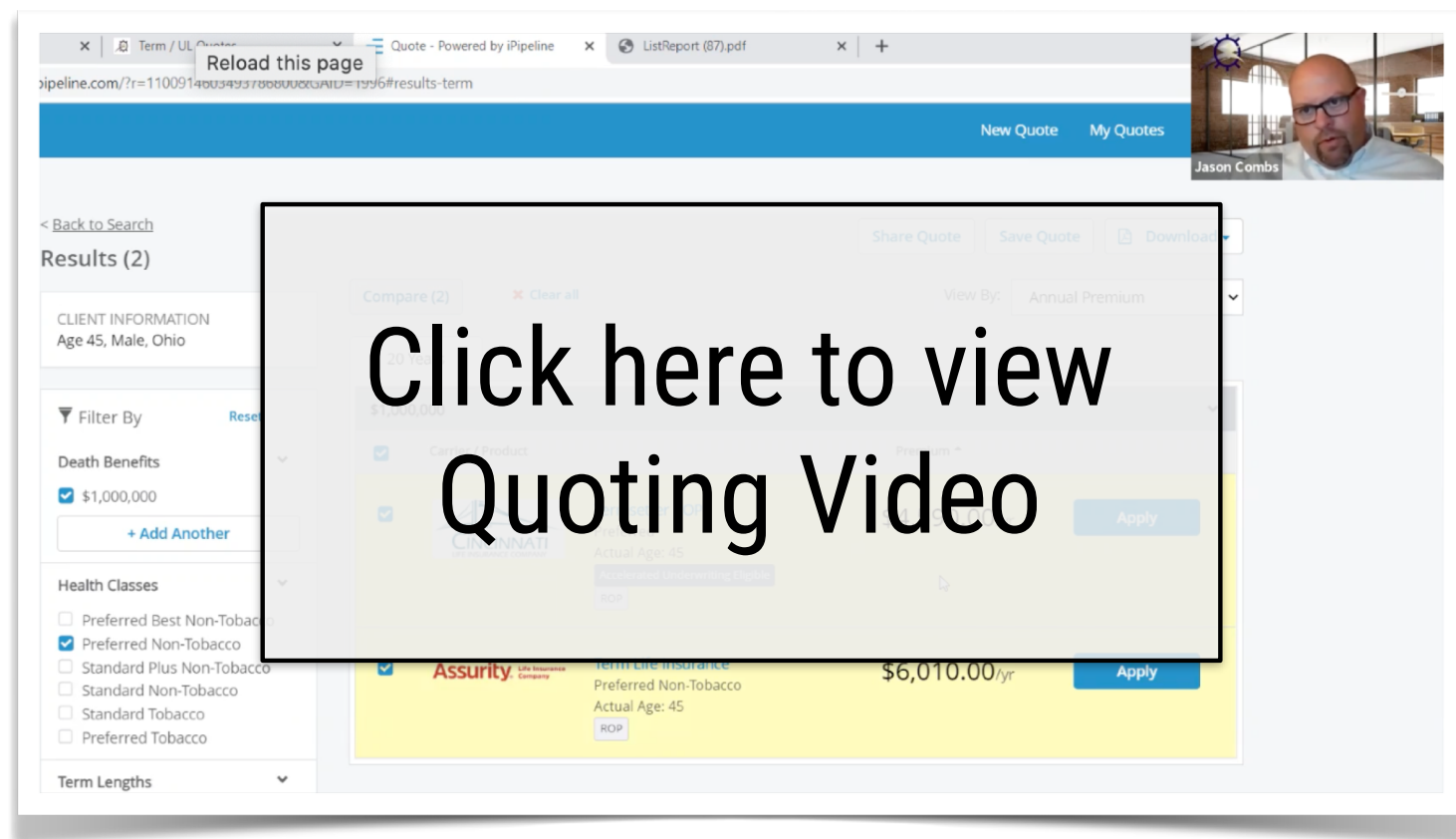
- Insurance Agencies
- Real Estate Brokers
- Builders / Contractors
- Financial Planning Firms
- Physician Practices
- Dental Practices
- Locally Owned Company with significant growth in the last few years
- Business Owners with a less active role in daily management of the company

MILLENNIUM BROKERAGE GROUP

Connect with your local RVP to get started
[Click here for RVP Contact Page](#)

RESOURCES

Quoting



Case Study

Key Person ROP Case Study by Cincinnati Life

Underwriting Guidelines

Cincinnati Life Underwriting Handbook

Agreements

Executive Bonus Plan Specimen Document - Fillable Form

Non-Solicitation Agreement