

Section 162: Restrictive Bonus Arrangements (REBA)

How can employers take a deduction and keep control?
REBA may be the answer!

What is a REBA?

REBA is a type of Section 162 executive bonus plan that acts as a “golden handcuff” by restricting employee access to life insurance cash values for a period of time, thereby providing death benefit protection and an incentive for employees to remain with their employer.

REBA at a glance

Requires the employer’s consent for a period of time for an executive to:

- Surrender the policy.
- Assign/pledge the policy for a loan.
- Change ownership of the policy.
- Borrow the policy cash value.

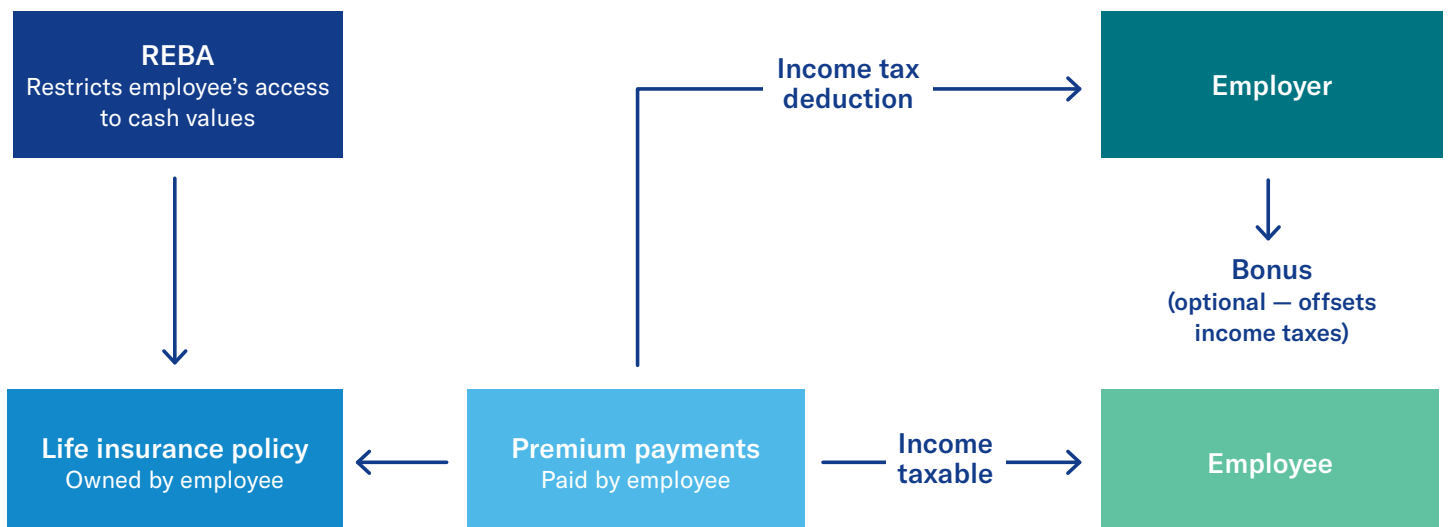
Typically, the restrictive endorsement expires upon the earliest of:

- Retirement of executive.
- Release by employer.
- Executive reaching specified age or working a specified number of years.
- Bankruptcy or dissolution of employer.

Ideal client:

- Small business owner with a desire to reward selected employees
- Profitable business with predictable cash flow

How does REBA work?



Why Equitable Financial?

Our dedicated, expert team of Advanced Markets specialists meets the changing needs of your clients by offering custom-designed advice and actionable strategies that can proactively help them achieve their desired results — including:

- Strong life insurance portfolio with competitive cash value product options.
- A wide selection of riders to choose from, including the Charitable Legacy Rider[®], which offers an additional death benefit to the charity(ies) of your clients' choice at no added cost.
- Strength and stability. For 161 years, we've been working with clients across generations, building on what's proven and pursuing what's possible.¹
- Our business strategies service platform is customized to provide online policy information that caters to all forms of business insurance, including executive benefits, such as REBA plans. There is no charge for this service.
- Our TermOne[®] policy's low-term rates may be used to measure economic benefit, minimizing the cost for the death benefit protection.

For more information, please call the Life Insurance Sales Desk or visit [equitable.com](https://www.equitable.com).

¹ Equitable is the brand name of Equitable Holdings, Inc. and its family of companies, including Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY); Equitable Financial Life Insurance Company of America (Equitable America), an AZ stock company with main administrative headquarters in Jersey City, NJ; Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN); and Equitable Distributors, LLC. The obligations of Equitable Financial and Equitable America are backed solely by their claims-paying abilities.

Equitable Financial and its affiliates do not provide tax or legal advice, and clients should consult with their attorneys and/or tax advisors before making final investment or planning decisions. References to Equitable Financial represent Equitable Financial Life Insurance Company and Equitable Financial Life Insurance Company of America, which are affiliated companies.

Please be advised that this document is not intended as legal or tax advice. Accordingly, any tax information provided in this article is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax

information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed, and you should seek advice based on your particular circumstances from an independent tax advisor. Neither Equitable Financial Life Insurance Company, Equitable Financial Life Insurance Company of America, Equitable Network nor Equitable Distributors provide legal or tax advice.

Life insurance products are issued by Equitable Financial Life Insurance Company (New York, NY) or Equitable Financial Life Insurance Company of America and co-distributed by affiliates Equitable Network, LLC (Equitable Network Insurance Agency of California in CA; Equitable Network Insurance Agency of Utah in UT; Equitable Network of Puerto Rico, Inc. in PR) and Equitable Distributors, LLC. When sold by New York state-based (i.e., domiciled) financial professionals, life insurance is issued by Equitable Financial Life Insurance Company (New York, NY). 1290 Avenue of the Americas, New York, NY 10104.

Life Insurance Products: • Are Not a Deposit of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency
• Are Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

© 2020 Equitable Holdings, Inc. All rights reserved. GE-3012507 (6/20) (Exp. 6/22) | G627106 | Cat. #140345 (6/20)



EQUITABLE