



EQUITABLE

Executive bonus plans prospect profile

Advanced Markets

Employers often seek additional incentives to motivate their executives, and an executive bonus plan provides that facility. In addition to providing death benefits, the cash value in the policy may provide supplemental income at retirement. As in all nonqualified plans, the executive bonus plan may be used by the employer to provide special treatment to a key executive in compensation for their contribution to the success of the company. Forms of executive bonus plans can include a Section 162 Executive Bonus, a Restricted Section 162 Executive Bonus (REBA) or the BATL Plan® (Bonus and Tax Loan Plan).

Key differences between executive bonus plans

Executive bonus plan

Simple plan with no “golden handcuffs,” or cost recovery.

REBA Plan

Provides “golden handcuffs” restricting employee’s access to cash values for a limited period of time without cost recovery.

BATL Plan®

Provides some “golden handcuffs” for a limited period of time, and a way for the business to recover its costs.

Meet Jack

Age: 40 years old

Business profile:

Architecture business with 30 employees

Background: Jack owns a successful architecture business with many key employees. He wants to retain and reward these employees with additional benefits.



Goals:

- Retain and reward key employees.
- Provide additional retirement benefits to key employees.
- Receive an income tax deduction for the business.
- Maintain control of the plan.
- Recover costs for the business.

Concerns:

- What type of life insurance product is most suitable?
- What type of executive bonus plan will be most suitable?

