



Columbus Life
Insurance Company

A member of Western & Southern Financial Group

ADVANCED MARKETS

EXECUTIVE
COMPENSATION



Executive Bonus Arrangements



Attract and Retain the Best Employees

Running a business in today's competitive environment can be challenging. As a business owner, you understand the importance of having qualified, dedicated employees.

Attracting and retaining excellent employees with the necessary skills is an obstacle that all business owners face. The "best" employees have the luxury of choosing where they work. They've most likely been approached by your competitor.

To prepare for the future and build your business, you must develop strategies to **attract and retain** the best employees.

Executive Bonus Arrangements

Executive bonus arrangements are relatively simple and easy to administer. By incorporating a life insurance policy into the plan, you can provide life insurance benefits to your selected key employees on a generally tax-deductible basis for your business.

Here's how it works:

- Executive owns the life insurance policy.
- Executive names his or her own beneficiary.
- Completely portable benefit for the executive.
- Business pays the premium.
- Cost of premium is taxed as compensation to the executive.
- Business gets deduction for bonus paid.
- A **double bonus arrangement** adds the income tax due to the bonus, to make the benefit a zero net cost for the executive.

You determine who will participate and the amount of the bonus. Executive bonus plans can provide a way to reward your key employees for past accomplishments and as an incentive for future performance.

Restrictive Bonus Arrangement

One disadvantage of an executive bonus arrangement is the fact that the arrangement does not "handcuff" the employee to your business. However, it is possible for the business to restrict the executive's ability to access the cash value for a stated period of time. This may be appealing in family situations or with younger executives.

The **restrictive bonus** limits the executive's ability to access cash values for a reasonable period of time, such as until normal retirement age. If the executive leaves, the restriction remains in place unless released by the business.



Invest time today to plan for tomorrow.

Carving out time to manage your company's financial planning isn't easy. But it's best not to put off planning. The key decisions you make right now can impact your company's performance and your executives' loyalty in the future.

Your financial professional is prepared to work with you and your advisers to create the programs that are best for your company and your executives.

Call today to find out more.

ABOUT COLUMBUS LIFE

Columbus Life is a highly rated life insurance company providing personal life, retirement and business planning solutions through a nationwide network of independent representatives. Financial strength is our enduring legacy and has been a cornerstone of our success since our 1906 founding as Columbus Mutual. Find out more about our financial strength and distinguished history at ColumbusLife.com.

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Payment of the benefits of Columbus Life Insurance Company life insurance products is backed by the full financial strength of Columbus Life Insurance Company, Cincinnati, Ohio. Guarantees are based on the claims-paying ability of the insurer.

Columbus Life Insurance Company, Cincinnati, Ohio, is licensed in the District of Columbia and all states except New York.

Life insurance products are not bank products, are not a deposit, are not insured by the FDIC, nor any other federal entity, have no bank guarantee and may lose value.

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