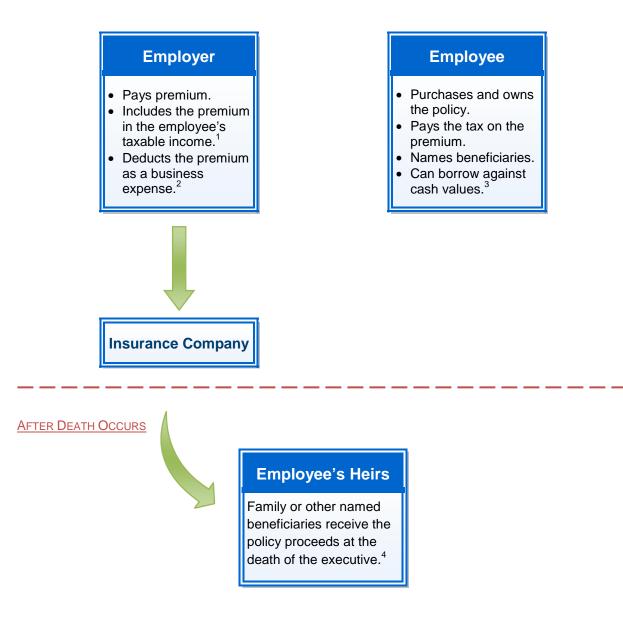
## How an Executive Bonus Plan Works

IRC Sec. 162



<sup>&</sup>lt;sup>1</sup> Employer may also choose to bonus the tax amounts to the employee, creating a net-no-cost scenario for the employee.

<sup>&</sup>lt;sup>2</sup> See Reg. 1.162-9, Bonuses to Employees.

<sup>&</sup>lt;sup>3</sup> Some tax practitioners feel than an executive could agree (through a policy endorsement) not to change ownership or borrow against the policy without the employer's consent.

<sup>&</sup>lt;sup>4</sup> Death benefit is generally received free of income tax. See IRC Sec. 101(a).