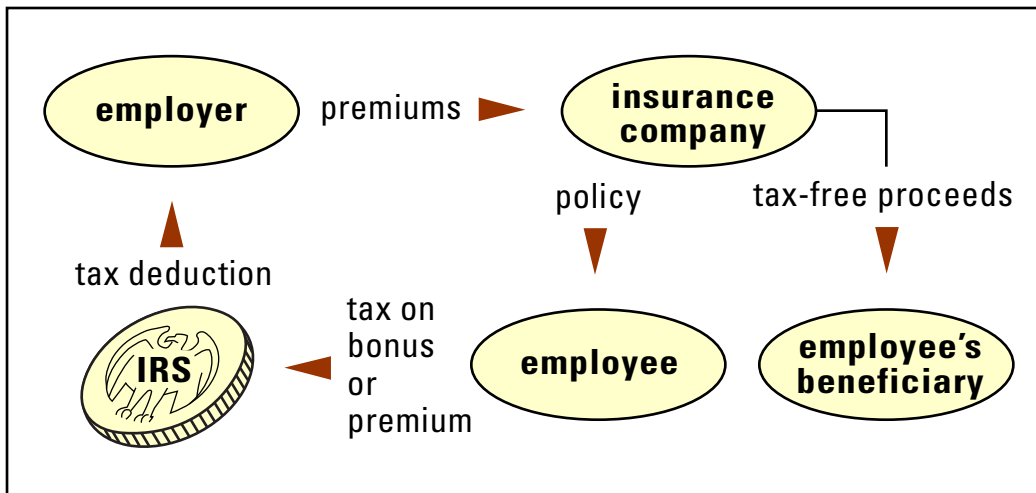


## HOW EXECUTIVE BONUS ARRANGEMENTS WORK



The employer selects the employee(s) it wishes to benefit and pays tax-deductible\* premiums (or a cash bonus) for a policy on the employee's life or disability protection.

*(\*to the extent that the employee's total compensation is reasonable)*

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The employee reports the premium (or bonus) as additional compensation each year.

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At the employee's death, his or her beneficiary receives the death proceeds free of federal income taxes under IRC Section 101(a).

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At the employee's disability, he or she receives disability benefits free of federal income tax.

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