

# IT'S YOUR LIFE

## Reward and Retain Top Talent with an Executive Bonus Plan

Many businesses rely on [key employees](#). These people are critical to daily operations and play a significant role in keeping things running smoothly and successfully. A challenge for employers can be finding ways to [retain and reward these employees](#). An executive bonus plan can offer an effective solution to help achieve both goals.

An [executive bonus plan](#) allows an employer to pay for personally owned life or disability insurance for a key employee. The business provides the premium as a bonus, which is tax-deductible as employee compensation. In turn, the employee pays income tax on the bonus.

If the employee passes away, their beneficiary receives the death benefit tax-free. If the employee becomes disabled, the disability benefit is paid to them tax-free.

### Benefits for the Employer:

- Executive bonus plans are easy to set up and don't require IRS approval.
- Premiums are tax-deductible as part of the employee's compensation.
- Employers can choose which employees to cover, as well as the benefit amounts and premiums.
- Plans can be ended at any time.

### Benefits for the Employee:

- Employer-paid [life insurance](#) can provide a tax-free death benefit.
- Employer-paid disability insurance can offer income protection.
- Employees own their policies and can name their beneficiaries.
- Policies are portable, so employees can take them if they leave the company.

[Contact your local Federated® marketing representative](#) to learn how an executive bonus plan can help you. They can connect you with specialists and guide you through your options.

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