

Executive Bonus Plans for Business Owners

Tax Advantaged Plans for Key Employees – Starting with the Business Owner!!

Who are the “Key Employees” in a Business?

- Owner(s)
- Experienced Managers
- Employees Who Are Critical to the Success of the Business and Would be Difficult to Replace

How Does the Business Owner Benefit from an Executive Bonus Plans?

- Allows the **Owner(s)** to Reap the Rewards of Success
- Helps the Business to **Attract and Retain Top People**
- Properly Structured Executive Bonus Plans are **Tax Advantaged**
 - Tax Free Growth
 - Tax Free Income / Withdrawals *
- Executive Bonus Plans Can Be **Aligned with Company Goals**
 - A Vesting Schedule Can Be Used to Incentivize Key Employees to Stay with the Company
 - Executive Bonus Plans Can be Tied to Company and/or Individual Performance
 - Executive Bonus Plans Allow the Company to Provide Benefits that Are Similar to Incentive Stock Options at Large Public Companies
- Executive Bonus Plans Are **Flexible**
 - Plans Can Be Structured Differently for Each Key Employee
 - Executive Bonus Plans are Not Subject to the Restrictions Found in 401(k) Plans

How Does the (Non-Owner) Employee Benefit from Executive Bonus Plans?

- **Bonus Potential** – Key Employees Can Share in Company Profits
- **Tax Advantaged Retirement Plan** – Provides the Employee a Company Funded Retirement Plan
 - Tax Free Growth
 - Tax Free Income / Withdrawals *

Executive Bonus Plan for Business Owners/MMD

* Tax Free Income and/or Distributions are based on using partial surrenders and zero or low-cost policy loans, with the policy structured and funded within IRS/MEC guidelines. The policy must remain in force to avoid a taxable event. Kelm Financial Services Inc. does not provide legal advice nor tax calculations, preparation or advice. Consult with a licensed professional in that field for additional information.



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