

Executive Bonus Plan

The Plan Description

Of all the strategies available for an employer to provide unique benefits for selected executives, a bonus used to pay the premium for an executive-owned cash value life insurance policy is highly rewarding yet very simple to implement.

There are two categories of this fringe benefit plan:

Plans with Unrestricted Access

This plan is owned by the participant, has no restriction on the executive's access to plan values, and may be used at any time for any purpose. Bonus plans of this type are typically used for shareholder-executives.

Plans with Deferred Access

This variation utilizes a technique known as an "endorsement of policy ownership rights". With this procedure, the employer's payment of the bonus is conditional upon the executive agreeing, in writing, not to take any action on the policy without the consent of the employer, such as withdrawal or loan, until an agreed upon date or event occurs - such as retirement or achievement of a particular business goal. The deferred access variation is primarily used with non-shareholder executives, and consent of the employer is usually secured in advance when it is anticipated that the executive will make loans on the policy to fund any income tax due in the years premiums are bonused by the employer.

Specimen documents are available for either plan, and both plans contain the following characteristics:

1. Employer can discriminate as to who participates;
2. Employer can deduct its funding costs;
3. Executive has tax free access to cash values through policy loans;
4. Income tax free death benefits for the executive's family;
5. No regulatory approval required by the employer;
6. Simple plan administration for the employer;
7. Any size business can establish a plan;
8. Type of business:
 - C corporations and tax exempt organizations: The plan is suitable for any executive.
 - S corporations, LLCs, and Partnerships: The plan is suitable for any non-owner executive.
9. Executive's values may not be attached by employer's creditors;
10. Advance of death benefits in certain adverse health circumstances - as defined in the policy.

Favorable income tax consequences combine with significant policy values and benefits to create an executive compensation plan with a considerable amount of financial leverage. This is particularly evident in the accompanying presentation.

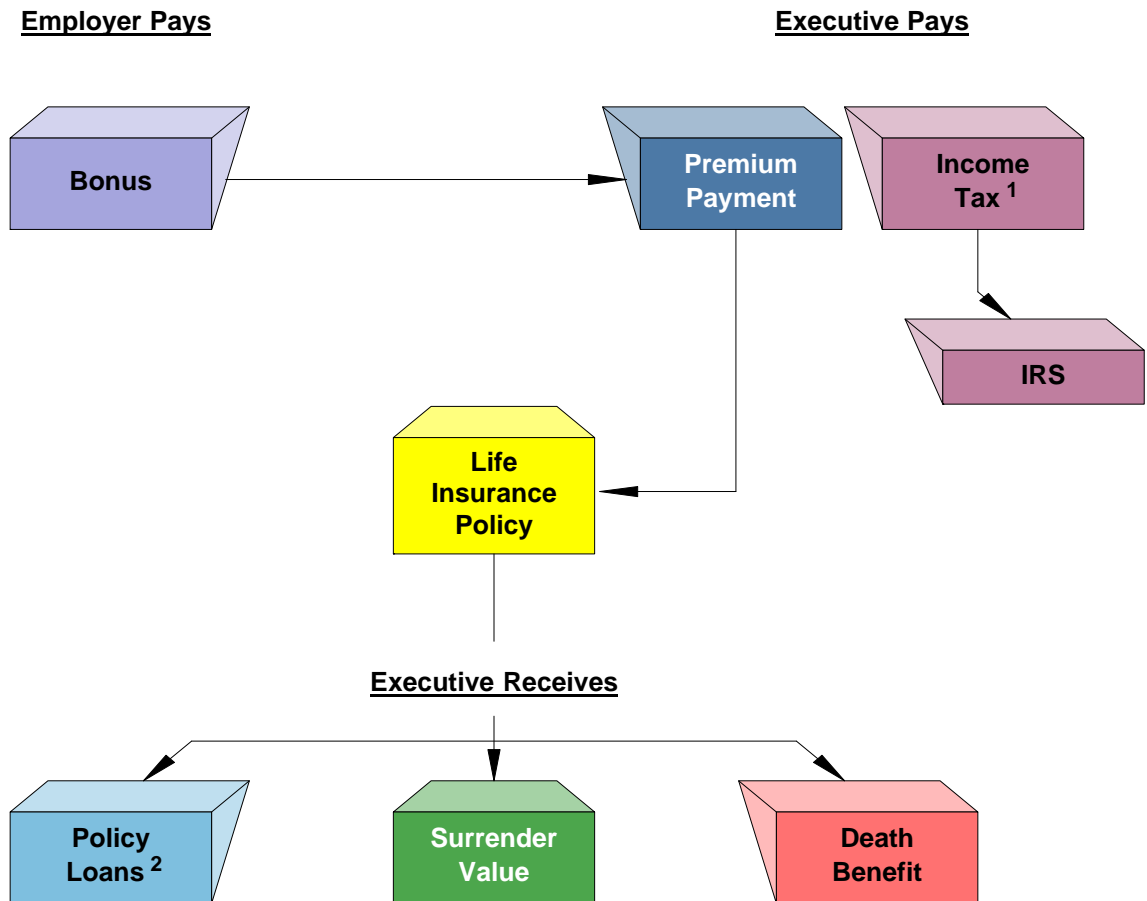
Executive Bonus Plan Using Indexed Universal Life

Who Pays What - Who Receives What

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]

Insured: Will Clarkson
Employer: Ajax Manufacturing, Inc.
C Corporation

Flow Chart Analysis



¹Due on the bonus received.

²For Retirement Income.

Executive Bonus Plan Using Indexed Universal Life

Values Page: 1 Presented By: [Licensed user's name appears here]
Date: [Current date appears here]

Insured: Will Clarkson
Employer: Ajax Manufacturing, Inc.
C Corporation

Male Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 40.00%	Initial Payment 50,000	Initial Death Benefit 1,073,000
-------------------	-------------------------------------	--------------------------------------	------------------------------	---------------------------------------

Year	Employer's Costs		Executive's Costs				Executive's Values			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Bonus to the Executive	Cost of the Bonus (Net Payment)	Policy Premium	Bonus from Employer	Income Tax on Column (4)	Net Policy Loan Proceeds	Executive's Net Payment	Retirement Income Net Loan Proceeds	Year End Surrender Value*	Death Benefit
1	50,000	33,000	50,000	50,000	20,000	20,000	0	0	6,219	1,051,800
2	50,000	33,000	50,000	50,000	20,000	20,000	0	0	23,692	1,029,328
3	50,000	33,000	50,000	50,000	20,000	20,000	0	0	39,559	1,005,508
4	50,000	33,000	50,000	50,000	20,000	20,000	0	0	54,191	980,258
5	50,000	33,000	50,000	50,000	20,000	20,000	0	0	83,649	953,494
6	0	0	0	0	0	0	0	0	88,100	946,323
7	0	0	0	0	0	0	0	0	98,620	938,723
8	0	0	0	0	0	0	0	0	111,379	930,666
9	0	0	0	0	0	0	0	0	124,041	922,126
10	0	0	0	0	0	0	0	0	136,543	913,074
11	0	0	0	0	0	0	0	0	149,786	903,478
12	0	0	0	0	0	0	0	0	164,162	893,307
13	0	0	0	0	0	0	0	0	179,191	882,525
14	0	0	0	0	0	0	0	0	194,571	871,097
15	0	0	0	0	0	0	0	0	209,951	858,982
16	0	0	0	0	0	0	0	0	230,796	846,141
17	0	0	0	0	0	0	0	0	253,390	832,530
18	0	0	0	0	0	0	0	0	276,941	818,102
19	0	0	0	0	0	0	0	0	301,134	802,808
20	0	0	0	0	0	0	0	0	325,470	786,596
	250,000	165,000	250,000	250,000	100,000	100,000	0	0		

20 Year Summary

*This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

Employer's Cumulative Net Payments	165,000
Executive's Cumulative Net Payments	0
Executive's Cum. A/T Retirement Income	0
Executive's Surrender Value	325,470
Executive's Death Benefit	786,596

Executive Bonus Plan Using Indexed Universal Life

Values Page: 2 Presented By: [Licensed user's name appears here]
Date: [Current date appears here]

Insured: Will Clarkson
Employer: Ajax Manufacturing, Inc.
C Corporation

Male Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 40.00%	Initial Payment 50,000	Initial Death Benefit 1,073,000
-------------------	-------------------------------------	--------------------------------------	------------------------------	---------------------------------------

Year	Employer's Costs		Executive's Costs				Executive's Values			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Bonus to the Executive	Cost of the Bonus (Net Payment)	Policy Premium	Bonus from Employer	Income Tax on Column (4)	Net Policy Loan Proceeds	Executive's Net Payment	Retirement Income Net Loan Proceeds	Year End Surrender Value*	Death Benefit
21	0	0	0	0	0	0	0	30,000	325,965	737,612
22	0	0	0	0	0	0	0	30,000	327,215	685,689
23	0	0	0	0	0	0	0	30,000	328,080	630,650
24	0	0	0	0	0	0	0	30,000	327,972	572,309
25	0	0	0	0	0	0	0	30,000	326,020	510,467
26	0	0	0	0	0	0	0	30,000	333,620	477,876
27	0	0	0	0	0	0	0	30,000	343,097	478,383
28	0	0	0	0	0	0	0	30,000	352,431	476,034
29	0	0	0	0	0	0	0	30,000	360,667	469,563
30	0	0	0	0	0	0	0	30,000	366,649	457,558
31	0	0	0	0	0	0	0	30,000	386,978	457,315
32	0	0	0	0	0	0	0	30,000	409,960	486,097
33	0	0	0	0	0	0	0	30,000	433,220	515,447
34	0	0	0	0	0	0	0	30,000	455,233	543,785
35	0	0	0	0	0	0	0	30,000	474,203	569,241
36	0	0	0	0	0	0	0	30,000	514,268	617,179
37	0	0	0	0	0	0	0	30,000	558,710	670,065
38	0	0	0	0	0	0	0	30,000	603,957	724,170
39	0	0	0	0	0	0	0	30,000	647,833	777,231
40	0	0	0	0	0	0	0	30,000	687,695	826,496
	250,000	165,000	250,000	250,000	100,000	100,000	0	600,000		

40 Year Summary

*This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

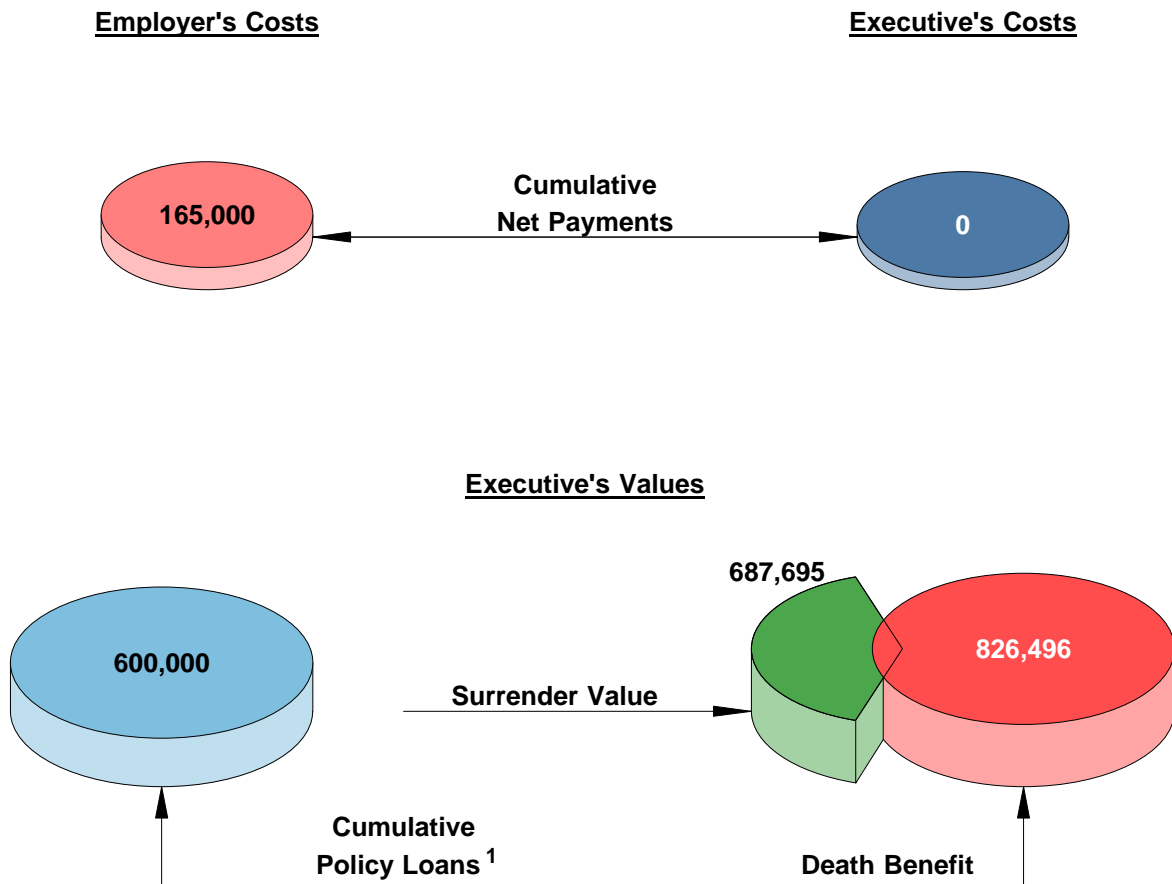
Employer's Cumulative Net Payments	165,000
Executive's Cumulative Net Payments	0
Executive's Cum. A/T Retirement Income	600,000
Executive's Surrender Value	687,695
Executive's Death Benefit	826,496

Executive Bonus Plan Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]

Insured: Will Clarkson
Employer: Ajax Manufacturing, Inc.
C Corporation

40th Year Summary Analysis



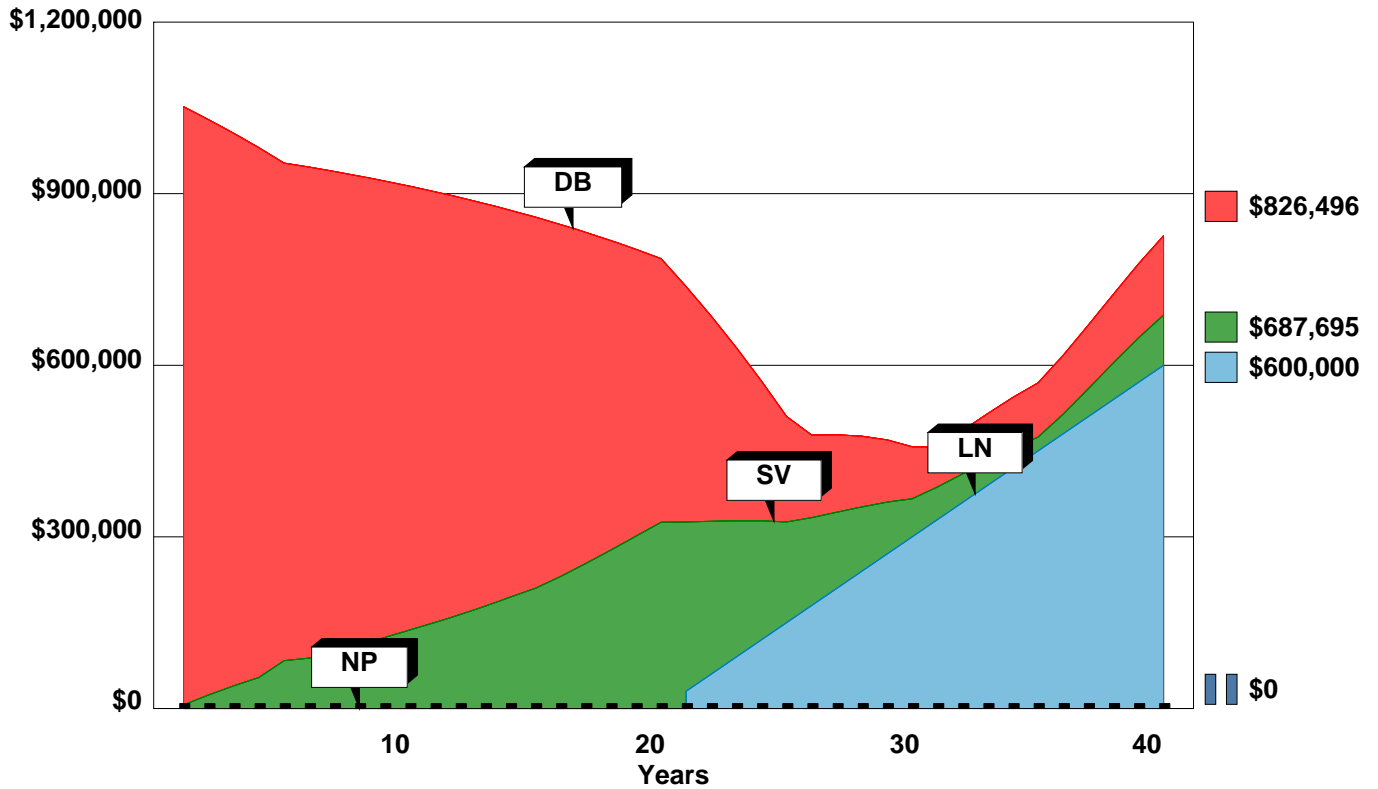
¹ For Retirement Income.

Executive Bonus Plan Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]

Insured: Will Clarkson
Employer: Ajax Manufacturing, Inc.
C Corporation

Executive's 40 Year Graphic Analysis



- NP - Executive's Cumulative Net Payments
- LN - Executive's Cumulative Policy Loan Proceeds¹
- SV - Executive's Surrender Value
- DB - Executive's Death Benefit

¹ For Retirement Income.