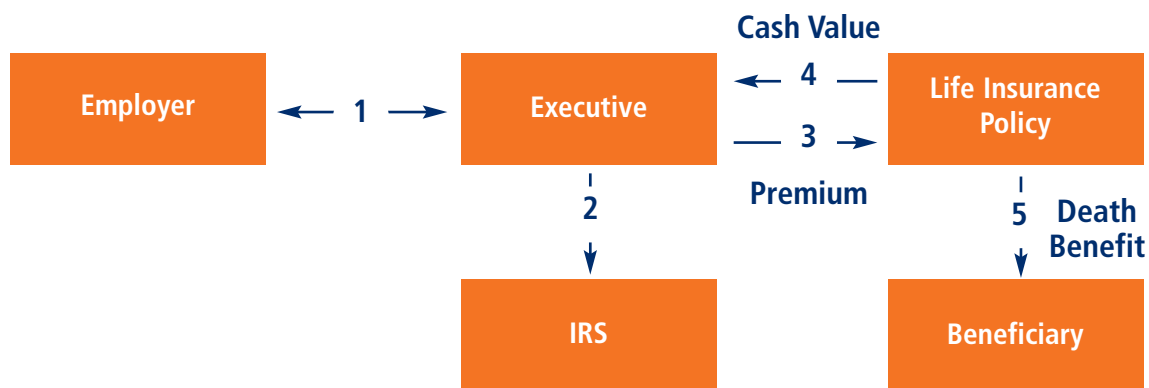




# Planning Solutions

## Executive Bonus and Restricted Executive Bonus Arrangements (REBAs) using Life Insurance



### How It Works

1. The employer and the executive enter into an agreement in which the employer agrees to pay the executive an annual bonus which will be used to pay the premiums on a life insurance policy. The executive's ability to exercise ownership rights may be subject to restrictions specified in the agreement and reflected in an Endorsement filed with the Life Insurance Company. Bonus payments are tax deductible by the employer (assuming total compensation is reasonable).
2. Executive pays tax on bonus as ordinary income.
3. Executive applies for, purchases and owns life insurance policy.
4. Executive may receive income through withdrawals and loans from the policy's cash value, subject to any restrictions included in the agreement.<sup>1</sup>
5. At the executive's death, income-tax-free death benefit proceeds are paid to the executive's named beneficiary.<sup>2</sup>

[www.ing-usa.com](http://www.ing-usa.com)

<sup>1</sup>Policy loans and partial withdrawals may vary by state, reduce available surrender value and death benefit, or cause the policy to lapse. Generally, policy loans and partial withdrawals will not be income taxable if there is a withdrawal to the cost basis (usually premiums paid), followed by policy loans (but only if the policy qualifies as life insurance, is not a modified endowment contract, and is not lapsed or surrendered).

<sup>2</sup>Death proceeds from a life insurance policy are generally income tax-free and if properly structured, may be free from estate tax.

Life insurance products are issued by ReliaStar Life Insurance Company (Minneapolis, MN), ReliaStar Life Insurance Company of New York (Woodbury, NY), and Security Life of Denver Insurance Company (Denver, CO). Variable universal life insurance products are distributed by ING America Equities, Inc. Within the state of New York, only ReliaStar Life Insurance Company of New York is admitted and its products issued. All are members of the ING family of companies.

This description of a REBA arrangement assumes that income taxation is pursuant to IRC sections 61 and 162 and is not subject to IRC section § 409A or 83.

The ING Life Companies and their agents and representatives do not give tax or legal advice and express no opinion on the income tax assumption upon which the REBA is premised. This information is general in nature and not comprehensive, the applicable laws change frequently and the strategies suggested may not be suitable for everyone. You should seek advice from your tax and legal advisors regarding your individual situation.

© 2009 ING North America Insurance Corporation  
cn36166072011

LIFE



Your future. Made easier.®