

Retain key executives with this exclusive benefit

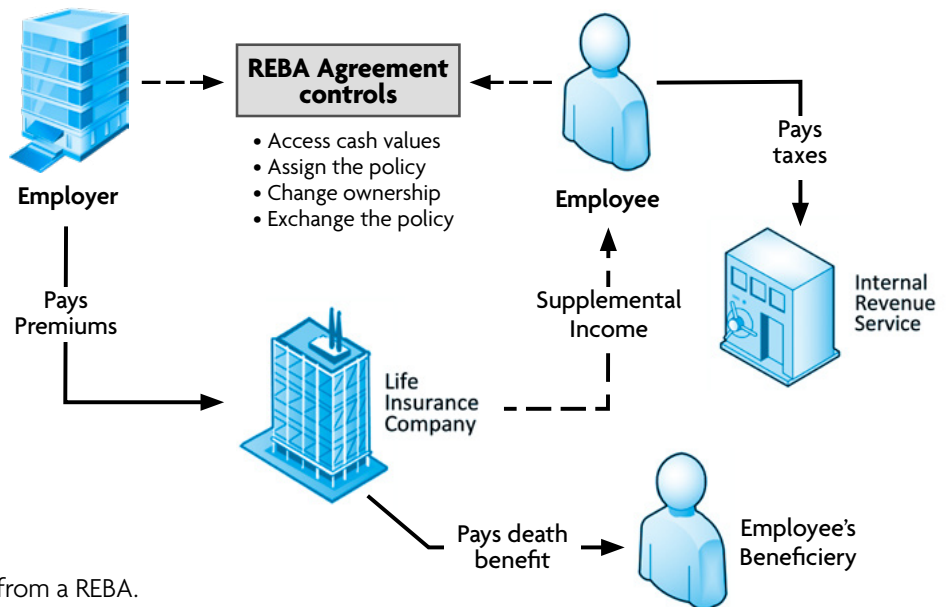


A **REBA**, or Restricted Executive Bonus Arrangement, is similar to the more common Executive Bonus use of life insurance, but allows the employer to retain more control. Outside of the life insurance contract, a separate agreement dictates what an employee can and cannot do with the policy, and the funds inside the policy, before a certain date (usually retirement). The added restrictions help retain the employee until a mutually agreed upon date.

REBAs can be part of an overall executive compensation package that can help increase retention for a key employee.

How does a REBA work?

In this structure, an employer pays life insurance premiums on behalf of the employee, who owns the policy. At a selected date, the REBA agreement expires and the employee can access any cash value that has accumulated. If the employee unexpectedly dies, the life insurance pays the death benefit to the employee's selected beneficiary. Meanwhile, the employee pays taxes on the premiums paid on their behalf (unless a double bonus arrangement is in place, and the employer also chooses to cover the taxes).



Benefits

Both the employer and employee can benefit from a REBA.

For the employer:

- May add restrictions for more control
- Simple to set up
- Minimal implementation cost
- Immediate tax deduction
- Selective participation allowed

For the executive:

- Affordable life insurance
- Freedom to name own beneficiary
- After release of restriction, the cash value may be used for supplemental income

Ready to make REBAs part of your business?

Get in touch with the Advanced Markets team at Midland National.

REQUEST A CUSTOM CASE DESIGN Email advcasedesign@sfgmembers.com to get started.

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