



**Sharing Our
Success:
A Case Study**

Tax Efficiencies of an Executive Bonus Plan Using Whole Life Insurance



CLIENT BACKGROUND

Husband and wife, 50, own and operate a small business together.

They recently experienced a large increase in revenue and are looking for deductions at the corporate level.

They have a need for insurance and are interested in the tax efficiencies and features that whole life insurance provides.



CASE DETAILS

Clients implemented an Executive Double Bonus Plan for themselves that provided:

- Tax-deduction to their business for the premium paid
- Tax-free death benefit paid to each other as named beneficiary of each other's policies
- Tax-deferred cash value growth and tax-free distributions during* retirement



SOLUTION

An Executive Double Bonus Plan funded with MassMutual's Whole Life 10 Pay met the clients' needs and provided the following benefits:

- Double Bonus structure provided largest possible business deduction.
- No out-of-pocket personal cost, with bonus grossed up to account for tax due on the premium paid
- \$100,000 annual premium
- \$1.3 million initial death benefit for each insured
- Policy is paid up at age 60 and can provide a source of supplemental income during retirement.*

*Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10% tax penalty if the policyowner is under age 59½.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

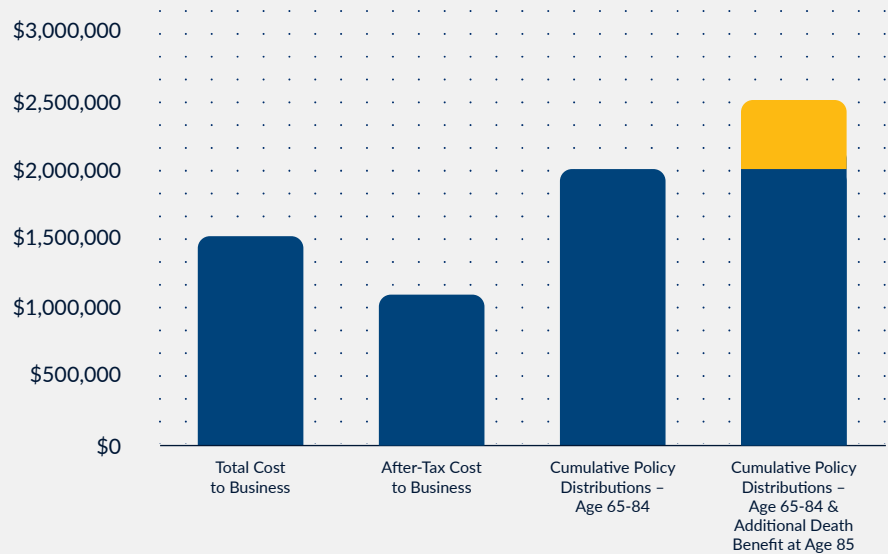
Summary of Plan Costs and Benefits

Female, age 50, Whole Life 10 Pay: \$100,000 annual premium

Case study as of 6/1/2023

The illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, that have been applied to purchase paid-up additions based on the 2023 dividend schedule. The dividend schedule is reviewed annually, and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a lower dividend schedule illustration.

Refer to the [Basic Illustration](#) and [Simplify Executive Bonus](#) presentation output for guaranteed elements, assumptions, explanations, and other important information.



We're here to help.

You can count on MassMutual Strategic Distributors to provide the support you need, including training, sales ideas, and illustrations. Reach out to your [life insurance Managing Directors](#) and Internal Wholesalers today or visit our [MassMutual Strategic Distributors Digital Hub](#).

Thank you for letting us help you grow your business.

FOR FINANCIAL PROFESSIONALS. NOT FOR USE WITH THE PUBLIC.

Whole Life Legacy series policies ((Policy Forms: MMWL-2018 and ICC18-MMWL in certain states, including North Carolina)/(MMWLA-2018 and ICC18-MMWLA in certain states, including North Carolina)) and MassMutual Whole Life series policies on the digital platform (Policy Forms: WL-2018 and ICC18WL in certain states, including North Carolina) are level-premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001.

