

Golden Executive Bonus Arrangement (GEBA)

Grow your business with your top talent's loyalty

Your challenge

Employers commonly award cash bonuses to their key employees because they play a key role in growing the business. Often, these bonuses are spent shortly after receiving them and have minimal impact on key employee retention.

A better solution

Instead of providing executive bonuses as cash payments, consider leveraging them into a long-term financial tool for your key employees and as a potential benefit for their families. You can further foster loyalty by building vesting schedules into your executive bonus arrangement.

Cash value life insurance can be that tool, and a golden executive bonus arrangement (GEBA) can be the solution. This simple, **tax-deductible** strategy can provide supplemental benefits to your key employees. You can be selective and reward only top performers.

Why cash value life insurance?

Cash value life insurance is a long-term financial tool that provides a number of benefits during the key employee's entire life:

While working	After retirement
Death benefit protection provides funds to help ensure your employee's family is cared for financially, should the employee die unexpectedly	Death benefit protection used for estate planning needs, including tax-efficient asset transfer to heirs upon the employee's death
Cash value provides a source of funds that can be used during the key employee's lifetime, such as purchasing the business from you	Cash value provides supplemental retirement income

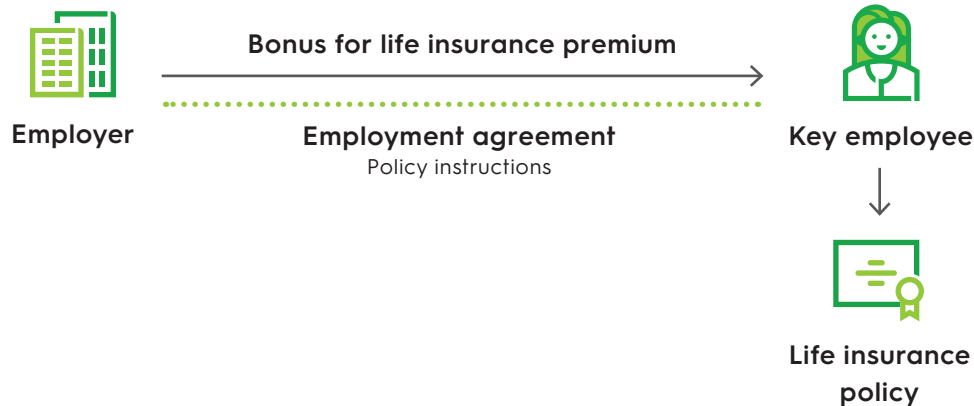
**Because your
business is
your life**

How does a golden executive bonus with life insurance work?

- You and your key employee enter into an employment agreement, drafted by a licensed attorney, specifying the bonus vesting schedule and other provisions.
- You pay a **tax-deductible** bonus to the employee.
- Your key employee pays income taxes on the bonus amount. However, you may choose to pay the income taxes for the employee as an additional bonus.
- The employee takes out a personal life insurance policy and names a beneficiary.
- Policy instructions accompany the policy, restricting the employee's access to the cash value as outlined in the employment agreement.
- The bonus is used to pay the premium on the life insurance policy to Minnesota Life Insurance Company or Securian Life Insurance Company, a New York authorized insurer.
- Since the employee will own the policy, he or she may use the policy's cash value on a **tax-advantaged basis**.
- If the employee dies, the death benefit is payable to the beneficiary.

Tax-advantaged basis

The premiums your employees pay into their cash value life insurance policies grow tax-free. When your employees are ready to use the cash value, there are several ways they can do so in a tax-advantaged manner.



Why use a golden executive bonus strategy?

Company benefits	Key employee benefits
Simple <ul style="list-style-type: none">• Straightforward implementation and administration• Reported to IRS as wages Cost effective <ul style="list-style-type: none">• Deductible as a business expense• Minimal cost to administer Selective <ul style="list-style-type: none">• Choice of rewarding highly compensated employees or management• No IRS qualifications• No participation or eligibility rules Flexible <ul style="list-style-type: none">• No required plan provisions• Customizable for each key employee• Can be terminated at any time Encourages loyalty <ul style="list-style-type: none">• Golden handcuffs provided through employment agreement, policy instructions	Death benefit protection <ul style="list-style-type: none">• Protection from premature death• Income replacement Flexible financial tool <ul style="list-style-type: none">• Cash value may serve as an “opportunity reserve” — an asset available to help fund future investment opportunities or purchases — once employment obligations are met• May be used to supplement retirement income Portability <ul style="list-style-type: none">• Once employment obligations are met, employee may choose to continue paying premiums on the policy or exercise any rights under the policy provisions Tax benefits <ul style="list-style-type: none">• Tax-deferred growth of policy cash values• Tax-advantaged retirement income through policy loans and withdrawals• Income tax-free death benefit

Why not use a golden executive bonus strategy?

Company considerations	Key employee considerations
<ul style="list-style-type: none">• Company does not receive the policy’s death benefit proceeds, should the employee die	<ul style="list-style-type: none">• Bonus is taxable income and will increase the employee’s current income taxes• Less-healthy individuals may have a more difficult time being approved for life insurance coverage• No access to policy cash value until employment obligations are met• Policy loans and withdrawals reduce the death benefit and surrender value – and may be taxable under certain circumstances• To continue coverage, employee may need to increase premium payments, depending on policy experience

**At Securian Financial,
we're here for family.
And we're here
because of it.**

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.



Learn more

Want to help ensure the ongoing success and growth of your business? Contact your financial professional today to find out how you can implement a golden executive bonus strategy.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

This information should not be considered as specific tax/legal advice. You should consult your tax/legal advisor regarding your own specific tax/legal situation.

If a policy is overfunded and becomes a modified endowment contract, the contract's earnings will be taxed as ordinary income at withdrawal, and may be subject to a 10% penalty if withdrawn before age 59½.

This is a general communication for informational and educational purposes. The information is not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. If you are seeking investment advice or recommendations, please contact your financial professional.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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