



*Take a closer look at Covenant II
and discover why MTL is
“The Whole Life Company.”[®]*

See reverse side for illustration.

Covenant II

WHOLE LIFE INSURANCE

Section 162 Executive Bonus—Double Bonus

Covenant II is MTL Insurance Company’s leading participating whole life insurance policy. Its design and flexibility offer key advantages for individual as well as business use, such as a Section 162 Executive Bonus plan. This plan gives employers a tax-favored way to reward key employees with the benefits of life insurance protection and can provide numerous advantages to both the employer and the employee.

Advantages to Employer of setting up an Executive Bonus plan:

- Easy to establish and administer
- Selective – pick and change participants
- Tax deductible (under Section 162, as long as compensation is reasonable)
- Retain and attract employees
- No maximum or minimum requirements
- No IRS approval needed

Advantages to Employees of being covered under plan:

- Tax-deferred cash value growth
- Additional life insurance protection
- Liquidity
- Supplement retirement income
- Income tax free death benefit paid to beneficiary

Advantages of Using Whole Life in a Section 162 Executive Bonus Plan

Using a whole life insurance policy enables a business owner to offer a flexible plan that can be designed to meet the specific needs of employees.

The plan can be set up as a:

- “Single Bonus,” where employer pays a bonus each year.
- “Double Bonus,” where the company bonuses the premium as well as an estimate of the income taxes due by the employee.
- “Restrictive Bonus,” where the employer has some degree of control over the employee’s access to the policy during employment.
- The tax liability can be reduced when dividends are paid as cash.*

* Dividends are not guaranteed.

Covenant II: Hypothetical Illustration

Level Premium Whole Life Insurance Paid Up at Age 90

With Maximum Accumulation Dividend®

Male (Business Owner): Age 50/Preferred Non-Tobacco

Initial Annual Premium: \$10,000.00 | Initial Face Amount: \$190,499

28% individual and 34% corporate tax bracket

End of Year	Employer Bonus	Employer Net Cost	Employee Cost	Guaranteed		Non-Guaranteed	
				Net Cash Value	Death Benefit	Total Cash Value	Death Benefit
1	\$ 13,889	\$ 9,167	\$ 0	\$ 5,774	\$ 190,499	\$ 5,846	\$ 190,696
2	\$ 13,889	\$ 9,167	\$ 0	\$ 12,896	\$ 205,976	\$ 13,278	\$ 207,002
3	\$ 13,889	\$ 9,167	\$ 0	\$ 23,073	\$ 220,963	\$ 24,012	\$ 223,402
4	\$ 13,889	\$ 9,167	\$ 0	\$ 33,541	\$ 235,480	\$ 35,264	\$ 239,778
5	\$ 13,889	\$ 9,167	\$ 0	\$ 44,291	\$ 249,546	\$ 47,006	\$ 259,260
6	\$ 13,889	\$ 9,167	\$ 0	\$ 54,512	\$ 263,182	\$ 58,454	\$ 280,747
7	\$ 13,889	\$ 9,167	\$ 0	\$ 64,969	\$ 276,408	\$ 70,406	\$ 300,075
8	\$ 13,889	\$ 9,167	\$ 0	\$ 75,660	\$ 289,243	\$ 82,887	\$ 319,379
9	\$ 13,889	\$ 9,167	\$ 0	\$ 86,625	\$ 301,703	\$ 95,913	\$ 338,577
10	\$ 13,889	\$ 9,167	\$ 0	\$ 97,858	\$ 313,805	\$ 109,504	\$ 357,593
11	\$ 13,889	\$ 9,167	\$ 0	\$ 109,340	\$ 325,560	\$ 123,631	\$ 376,486
12	\$ 13,889	\$ 9,167	\$ 0	\$ 121,038	\$ 336,985	\$ 138,311	\$ 395,333
13	\$ 13,889	\$ 9,167	\$ 0	\$ 132,919	\$ 348,093	\$ 153,551	\$ 414,204
14	\$ 13,889	\$ 9,167	\$ 0	\$ 144,960	\$ 358,901	\$ 169,361	\$ 433,148
15	\$ 13,889	\$ 9,167	\$ 0	\$ 157,162	\$ 369,424	\$ 185,757	\$ 452,064

- Bonus is tax deductible to the employer and reportable income to employee.**
- Company writes \$13,889 check to employee; employer's estimated net cost after taxes is \$9,167.
- Employee reports \$13,889 as income and pays taxes estimated at \$0.
- Employee receives net death benefit of \$190,499, growing to \$452,064 by retirement at age 65.

* This is an illustration, not a contract. Version 4.56. This illustration is not intended to predict actual values. Guaranteed values are based on 4% interest rate offset by expenses and mortality charges.

** Clients should consult with a tax advisor of their choice.

An Executive Bonus is designed to help employers retain their valuable employees by providing a meaningful benefit in the form of valuable life insurance protection and the benefits it provides. Consider this plan and start this valuable fringe benefit today!

For an illustration that represents your age and needs, contact your MTL Insurance Company representative:



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