

"SECTION 162 BONUS PLAN"
INSURANCE INFORMATION

and

SUGGESTED ACCOUNTING ENTRIES

Prepared 01/12/2018
for

Sample Client

162 Bonus Plan

For the Period: 01/01/2017 through 12/31/2017

Prepared
by

Phone: (800) 634-3287 Fax: (225) 638-4773 Email: info@pangburngroup.com Website: www.pangburngroup.com

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Table of Contents

Introductory Reports:	
Preface	1
Accounting Reports:	
Suggested General Ledger Accounting Entries	2
Individual Bonus Schedule	3
Management Reports:	
Plan Design Assumptions	4
Policy Premium Payments	5
Net Effect On Earnings	6
Historical Accounting Entries	7
IRC Section 162 Bonus Plan Historical Records	9

PREFACE

The following reports are designed to assist Plan Administrators and other parties interested in financial recordkeeping. All reports are based on our current understanding of tax law, Generally Accepted Accounting Principles (GAAP), and information furnished by the Plan Sponsor and any applicable vendors, mutual fund wholesalers, life insurance carriers, or other professional advisors. We do not accept liability for any direct, incidental, or consequential damages or claims resulting from the use of these reports. While the information contained herein is believed to be accurate, all users of this information are encouraged to rely on their own accounting, tax, and legal professionals for exact application and interpretation.

IMPORTANT REMINDER

FASB Accounting Standards Codification (ASC)

On June 29, 2009, the FASB released Statement No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, which establishes the Codification effective for annual periods ending after September 15, 2009. This project created a single source for all U.S. Generally Accepted Accounting Principles (GAAP) and organized all existing authoritative levels of GAAP into one flat system of roughly 90 topics. All pre-Codification standards were superseded and any accounting literature not included is now considered nonauthoritative.

FASB Accounting Standards Codification (ASC) uses a topical structure in which topics, subtopics, and sections are numerically referenced. The ASC structure disregards any reference to the original standard setter or standard from which the content was derived. Additional information regarding FASB ASC can be found at <http://asc.fasb.org>.

The Codification does not change GAAP, but merely provides a new structure that is intended to reduce the amount of time and effort required to solve an accounting research issue, improve usability of the literature thereby mitigating the risk of noncompliance with standards, and provide real-time updates as new standards are released.

EMPLOYER: Sample Client
PLAN: 162 Bonus Plan
REPORT: Suggested General Ledger Accounting Entries
PERIOD: 01/01/2017 through 12/31/2017

COMPENSATION EXPENSE	40,577.78	
CASH		40,577.78

NOTE: To record the payment of bonuses and/or premiums to or for insureds as part of a "Section 162 Bonus" arrangement.

ACTION REQUIRED:

- (1) POST ENTRIES TO THE GENERAL LEDGER.
- (2) SEE INDIVIDUAL BONUS SCHEDULE FOR ENTRIES FOR EACH INSURED.

EMPLOYER: Sample Client
 PLAN: 162 Bonus Plan
 REPORT: Individual Bonus Schedule
 PERIOD: 01/01/2017 through 12/31/2017

	(CR)	(DR)
<u>Insured/ Policy Number</u>	<u>Cash</u>	<u>Compensation Expense</u>
Person, First TPC01	0.00	0.00
Person, Second TPC02	10,000.00	10,000.00
Bonus Paid to Employee	2,800.00	2,800.00
Person, Third TPC03	20,000.00	20,000.00
Bonus Paid to Employee	7,777.78	7,777.78
Subtotal:	40,577.78	40,577.78
Total:	40,577.78	40,577.78

EMPLOYER: Sample Client

REPORT: Plan Design Assumptions

PERIOD: 01/01/2017 through 12/31/2017

Address: P.O. Box 900
301 Major Parkway
New Roads, Louisiana 70760-0900

Phone: (225) 638-4752

Business Type: Partnership

Plan Name: 162 Bonus Plan

Effective Date: July 01, 1998

Fiscal Year End: January 1

Employer Tax Rate: 40.00%

Prepared By:

EMPLOYER: Sample Client
PLAN: 162 Bonus Plan
REPORT: Policy Premium Payments
PERIOD: 01/01/2017 through 12/31/2017

<u>Insured Name</u>	<u>Policy Number</u>	<u>Current Period Premium Paid</u>	<u>Aggregate Premium Paid</u>
Person, First	TPC01	15,000.00	135,500.00
Person, Second	TPC02	10,000.00	76,000.00
Person, Third	TPC03	20,000.00	168,000.00
Total:		45,000.00	379,500.00

NOTE: Aggregate Premium Paid represents the aggregate premium paid by the policyholder received by the Insurance Carrier and/or a prior Insurance Carrier if the policy was 1035 exchanged. Aggregate Premium Paid amounts do not include amounts paid to a prior Insurance Carrier if the current policy was the result of a multi-policy exchange. Aggregate Premium Paid amounts are based on The Pangburn Group records. It is the policyholders responsibility to maintain accurate records of policy premium.

EMPLOYER: Sample Client

PLAN: 162 Bonus Plan

REPORT: Net Effect on Earnings

<u>Period</u> <u>From</u>	<u>To</u>	<u>Employer</u> <u>Paid Compensation</u> <u>Premium</u>	<u>Compensation</u> <u>Expense</u>	<u>Taxes</u> <u>Saved On</u> <u>Premiums</u> <u>Or Bonus</u>	<u>Net</u> <u>Effect On</u> <u>Earnings</u>
01/01/2009	12/31/2009	16,484	16,484	6,594	9,891
01/01/2010	12/31/2010	44,962	44,962	17,985	26,977
01/01/2011	12/31/2011	44,962	44,962	17,985	26,977
01/01/2012	12/31/2012	44,962	44,962	17,985	26,977
01/01/2013	12/31/2013	44,962	44,962	17,985	26,977
01/01/2014	12/31/2014	44,962	44,962	17,985	26,977
01/01/2015	12/31/2015	44,962	44,962	17,985	26,977
01/01/2016	12/31/2016	58,633	58,633	23,453	35,180
01/01/2017	12/31/2017	40,578	40,578	16,231	24,347
Total @ 12/31/17:		385,469	385,469	154,188	231,281

EMPLOYER: Sample Client

PLAN: 162 Bonus Plan

REPORT: Historical Accounting Entries

Period		(CR)	(DR)
<u>From</u>	<u>To</u>	<u>Cash</u>	<u>Compensation Expense</u>
Insured: Person, First Policy Number: TPC01			
01/01/2009	12/31/2009	5,000.00	4,500.00
162 bonus arrangement effective 01/01/2009.			
Withdrawal			
		(500.00)	0.00
Bonus Paid to Employee			
01/01/2010	12/31/2010	1,944.44	1,944.44
01/01/2010 12/31/2010			
Bonus Paid to Employee			
		5,000.00	5,000.00
01/01/2011 12/31/2011			
Bonus Paid to Employee			
		1,944.44	1,944.44
01/01/2011 12/31/2011			
Bonus Paid to Employee			
		5,000.00	5,000.00
01/01/2012 12/31/2012			
Bonus Paid to Employee			
		1,944.44	1,944.44
01/01/2012 12/31/2012			
Bonus Paid to Employee			
		5,000.00	5,000.00
01/01/2013 12/31/2013			
Bonus Paid to Employee			
		1,944.44	1,944.44
01/01/2013 12/31/2013			
Bonus Paid to Employee			
		5,000.00	5,000.00
01/01/2014 12/31/2014			
Bonus Paid to Employee			
		1,944.44	1,944.44
01/01/2014 12/31/2014			
Bonus Paid to Employee			
		5,000.00	5,000.00
01/01/2015 12/31/2015			
Bonus Paid to Employee			
		1,944.44	1,944.44
01/01/2015 12/31/2015			
Bonus Paid to Employee			
		5,000.00	5,000.00
01/01/2016 12/31/2016			
Bonus Paid to Employee			
		1,944.44	1,944.44
01/01/2016 12/31/2016			
Total for insured:			
		55,055.56	55,055.56
Insured: Person, Second Policy Number: TPC02			
01/01/2009	12/31/2009	8,000.00	7,800.00
162 bonus arrangement effective 01/01/2009.			
Withdrawal			
		(200.00)	0.00
Bonus Paid to Employee			
01/01/2010	12/31/2010	2,240.00	2,240.00
01/01/2010 12/31/2010			
Bonus Paid to Employee			
		8,000.00	8,000.00
01/01/2011 12/31/2011			
Bonus Paid to Employee			
		2,240.00	2,240.00
01/01/2011 12/31/2011			
Bonus Paid to Employee			
		8,000.00	8,000.00
01/01/2012 12/31/2012			
Bonus Paid to Employee			
		2,240.00	2,240.00
01/01/2012 12/31/2012			
Bonus Paid to Employee			
		8,000.00	8,000.00
01/01/2013 12/31/2013			
Bonus Paid to Employee			
		2,240.00	2,240.00
01/01/2013 12/31/2013			
Bonus Paid to Employee			
		8,000.00	8,000.00
01/01/2014 12/31/2014			
Bonus Paid to Employee			
		2,240.00	2,240.00
01/01/2014 12/31/2014			
Bonus Paid to Employee			
		8,000.00	8,000.00
01/01/2015 12/31/2015			
Bonus Paid to Employee			
		2,240.00	2,240.00
01/01/2015 12/31/2015			
Bonus Paid to Employee			
		8,000.00	8,000.00
01/01/2016 12/31/2016			
Bonus Paid to Employee			
		2,240.00	2,240.00
01/01/2016 12/31/2016			
Bonus Paid to Employee			
		10,000.00	10,000.00
01/01/2016 12/31/2016			
Bonus Paid to Employee			
		2,800.00	2,800.00
01/01/2016 12/31/2016			
Total for insured:			
		84,280.00	84,280.00
Insured: Person, Third Policy Number: TPC03			

EMPLOYER: Sample Client

PLAN: 162 Bonus Plan

REPORT: Historical Accounting Entries

Period		(CR)	(DR)
<u>From</u>	<u>To</u>	<u>Cash</u>	<u>Compensation Expense</u>
01/01/2010	12/31/2010	20,000.00	20,000.00
162 bonus arrangement effective 01/01/2010.			
Bonus Paid to Employee		7,777.78	7,777.78
01/01/2011	12/31/2011	20,000.00	20,000.00
Bonus Paid to Employee		7,777.78	7,777.78
01/01/2012	12/31/2012	20,000.00	20,000.00
Bonus Paid to Employee		7,777.78	7,777.78
01/01/2013	12/31/2013	20,000.00	20,000.00
Bonus Paid to Employee		7,777.78	7,777.78
01/01/2014	12/31/2014	20,000.00	20,000.00
Bonus Paid to Employee		7,777.78	7,777.78
01/01/2015	12/31/2015	20,000.00	20,000.00
Bonus Paid to Employee		7,777.78	7,777.78
01/01/2016	12/31/2016	28,000.00	28,000.00
Bonus Paid to Employee		10,888.89	10,888.89
Total for insured:		205,555.56	205,555.56
Subtotal:		344,891.11	344,891.11
Total @ 12/31/2016:		344,891.11	344,891.11