

19 YEARS AFTER THE FINAL REGULATION – WHERE ARE WE WITH SPLIT DOLLAR LEVERAGING OF LIFE INSURANCE PREMIUM PAYMENTS?

Donald O. Jansen, J.D., LL.M., AEP® Distinguished

0

SPLIT DOLLAR LIFE INSURANCE

- What is it?
- Types of Split Dollar Arrangements
 - Economic Benefit Regime – Endorsement
 - Loan Regime – Premium Financing
 - Owner Determines Regime
- Normally Temporary Financing

1

1

SPLIT DOLLAR ARRANGEMENTS – WHICH REGIME?

- Loan Regime – Executive or ILIT
 - Receives Maximum Cash Value
 - Controls Investment
 - Pays AFR
- Economic Benefit Regime
 - Employer Owns and Invests Cash Value
 - Private Split Dollar Uses Non-Equity Arrangement
 - Executive Pays Term Premium

2

2

USES OF SPLIT DOLLAR

- Cross Purchase Buy-Sell Agreement
- Employee Perk
- Informal Funding of Deferred Compensation
- Wealth Transfer

3

3

USE – CROSS PURCHASE

- Purpose
- Split Dollar
 - Advantages: Lower Cash Flow; Average Premiums
 - Use Loan Regime
- Controlling Shareholder – Estate Taxes
- Multiple Policies; Transfer for Value

4

4

USE – EMPLOYEE PERK

- Low Cost to Executive
- Employer Gets Investment Back
- Sarbanes Oxley
- S Corporations

5

5

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: 19 Years After the Final Regulations: Where are We with Split-Dollar Life Insurance Financing?

Also available as part of the eCourse

[Split-Dollar Life Insurance Financing: Where Are We After 19 Years?](#)

First appeared as part of the conference materials for the

70th Annual Taxation Conference: Day 2 - Business Transactions session

"19 Years After the Final Regulations: Where are We with Split-Dollar Life Insurance Financing?"