

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

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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

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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

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USES OF SPLIT DOLLAR

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

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USE – CROSS PURCHASE

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

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USE – EMPLOYEE PERK

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

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