

Employer Owned Life Insurance
Letter for Accountants



[Date]

[Name]

[Address]

[City, State, Zip Code]

Subject: Important Information Regarding Income Tax on Business Owned Insurance

[Dear Name:]

The IRS recently issued a formal bulletin, Notice 2009-48, that addresses some of the unanswered questions that were created when Congress amended the Internal Revenue Code in 2006 to address the income taxation of life insurance owned by businesses. I am certain that among your clients are many successful businesses that purchased life insurance on the lives of the business owners and on the lives of other key employees. The purposes can range from funding buy-sell agreements to key person protection.

Many business owners have not been made aware that based on changes made to the Federal Tax Code in 2006, life insurance death benefits paid to an employer may be subject to income tax. Employer owned life insurance, purchased or materially changed after August 17, 2006, must meet specific exceptions and comply with the IRS "notice and consent" procedure.

In addition, beginning with tax years ending after November 17, 2007, employers are required to file a report with their tax return regarding life insurance subject to the EOLI "Notice and Consent" requirements, IRS Form 8925.

I am contacting financial professionals like you to see if I can be of any assistance in addressing the technical and practical aspects of business owned life insurance with their clients.

I will give you a call sometime next week to see when you might have time to discuss this concern. If you have questions before my call, you may call me as well.

Best regards,

[Agent Name]

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