



COMPANY-OWNED LIFE INSURANCE – NOTICE AND CONSENT

The Pension Protection Act of 2006 added company owned life insurance provisions that have a significant impact on any business that is owner and beneficiary of life insurance on an employee. IRC Sec 101 was amended by adding subsection (j). This new rule provides that the death proceeds will be income except to the extent of premiums and other amounts paid by the employer for the contract. The provisions are generally effective for policies issued after August 17, 2006. There are exceptions to the income inclusion rule of the notice and consent requirements are met.

NOTICE OF EMPLOYER INTENT TO INSURE EMPLOYEE'S LIFE

(Employee) \_\_\_\_\_ is being notified pursuant to Internal Revenue Code Section 101(j) that (employer) \_\_\_\_\_:

1. Employer is applying for life insurance on employee's life
2. The maximum face amount for which employee could be insured at the time of the policy is issued is \$\_\_\_\_\_ (the actual face amount may be less)
3. Employer will be a direct or indirect beneficiary of proceeds payable on death of employee.

EMPLOYEE CONSENT TO BEING INSURED

Employee acknowledges receipt of the above notice and agrees that:

1. I consent to being insured by employer
2. I consent to the policy being continued after I terminate employment with employer
3. I understand that employer will be a direct or indirect beneficiary of any death proceeds payable.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employer Signature

\_\_\_\_\_  
Date

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