

# Key Person Insurance Toolkit



## Concept Overview

### What is Key Person Insurance?

Key Person Insurance is a life insurance policy that a business purchases on the life of a key employee to help the company survive financially if something happens to the employee. The key person policy can either be term insurance or permanent insurance.

While the main purpose of Key Person Insurance is to provide a death benefit to the business in the event of the premature death of an essential employee, it can also be used as a way to provide the key person with supplemental non-qualified retirement benefits.

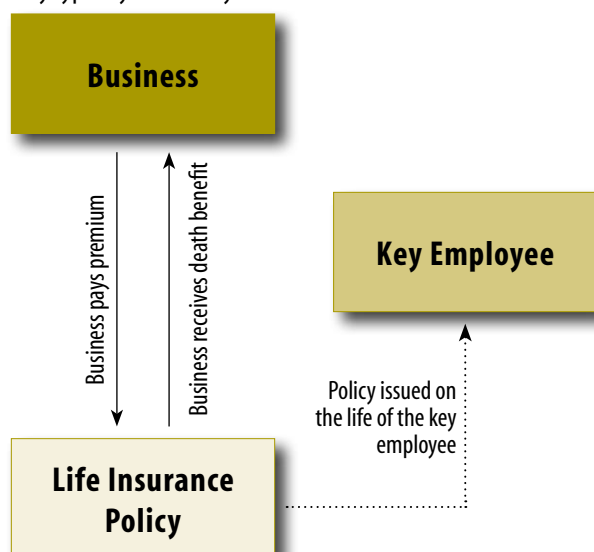
### Why Life Insurance?

Life insurance is the one financial instrument that provides the necessary funds at precisely the time they are needed most. While it may not be possible to completely replace the contributions the employee made to the business, insurance coverage can help ensure that the business will have the funds to:

- Stay in business
- Assure creditors that everything is fine
- Assure customers that the business will continue to operate as usual
- Cover the expense of finding and training a suitable replacement

### How Does It Work?

The business buys a life insurance policy on the life of the key person. The business is the owner and beneficiary of the policy. The business pays the entire premium and will receive the entire death benefit. The key person does not have any interest in the policy, nor does his/her family typically receive any benefit from it when death occurs.



### Who Is A Key Person?

A key person can be a business owner, a successful sales rep, a high level manager, or other individuals whose daily contributions are key to the success of the business. To determine a person's value, several factors should be considered, such as:

- **Ability to obtain financial assistance:** If something happens, would the business still be able to obtain financial backing?
- **Knowledge of the products and operations:** Does this person have special knowledge about the operations and products?
- **Competition:** Would rival companies have an advantage if this person were gone?
- **Customer Relations:** Is this person the relationship maker?
- **Sales Ability:** Will the business be able to meet sales goals without the key person?
- **Creativity:** Does the key person understand the market and product so well that creativity just happens?
- **Important Contacts:** Does the key person have the contacts needed to get results in a crisis situation?

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## Concept Flow

**CLIENT PROFILE:** Any employer who is concerned that the loss of a valuable employee (top sales representative, partner, or knowledgeable employee) will have a devastating effect on the business. The employer recognizes that it may require significant funds to bring the business back to the same level that existed prior to the key employee's premature death.

Employer identifies the employee(s) who is/are key to the success of the business.  
(1)

Employer applies for a life insurance policy on the life of the key employee.  
(2)

Employer determines the appropriate amount of life insurance to be purchased on the key employee's life.  
(3)

Employer is the owner, beneficiary and premium payor of the life insurance policy.  
(4)

Ultimate death proceeds are received income tax-free by the employer.  
(5)

- 1.) Employer identifies those key employees who: (1) play an important role in obtaining financial backing for the company; (2) have special knowledge about the company's operations and products; (3) give the company a competitive advantage in its particular industry; (4) create and maintain key business relationships; (5) play a key role in meeting the company's sales goals; (6) play a key role in the design and creation of the company's products and/or services. Additional factors may also be considered.
- 2.) Life insurance is a unique financial instrument that can guarantee\* that a precise amount of cash/capital will be available at the precise moment it is needed most.
- 3.) A typical rule of thumb suggests that five to ten times of an employee's annual compensation is usually a justifiable face amount. Other legitimate considerations are: how much it will cost to replace the employee, how much the employee contributes to the bottom line, the amount of sales that would be lost, or the amount of additional expenses that the business would incur.
- 4.) The employer is the sole owner of the policy. The premiums are paid out of operating cash flow and are not an income tax-deductible expense. The cash value grows tax-deferred and is an asset of the business. The insured employee has no contractual rights in the policy.
- 5.) The employer typically receives the death proceeds free from federal income tax, however the Alternative Minimum Tax, or Accumulated Earnings Tax (AET), may apply in some situations and/or circumstances.

\*Guarantee based on the carrier's ability to pay and policy premiums being paid as determined by the contract.

### NET EFFECT

Key Person Insurance makes it possible for the business to:

- Keep the business operating
- Assure creditors of a smooth transition
- Assure customers of continued satisfaction with company products and services
- Cover the expense of finding and training a suitable replacement
- Protect good will and/or replace lost profits

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## Getting Started

### *Identifying Potential Candidates for Key Person Insurance*

#### **PART I — YOUR CLIENTS**

Check your client list to make sure that you have identified all of your current clients who are business owners. The typical prospect will be a business with a historically good cash flow relying heavily on a few key performers.

Ask yourself:

- Do you have clients who have a business but have not insured their key employees?
- Do you have clients who have a business with key person coverage, but have not reviewed it lately?
- Are there clients who have started a business since you last spoke with them?
- Are there clients with family members who have a business – can you get a referral to speak with them?
- Do you have clients who are sole proprietors? Even though the business will likely not be continued after their death, they still have people who depend on them.
- Do you have clients you have worked with in the past who can refer you to other business owners?
- Do you have clients who have existing Buy-Sell Arrangements?
- Are you currently helping clients implement executive benefit plans? Are they taking the opportunity to insure the key person risk at the same time?

List five (5) clients below:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Once you have identified the clients, you can contact them and schedule a meeting. Use the Concept Flowchart and the Q&A, if needed, for a pre-meeting approach depending on the client's level of understanding. Use the Consumer Toolkit pieces to educate them about Key Person Insurance. Use the Fact Finder to gather information. Contact your Sales Manager to obtain more information and illustrations.

#### **PART II — PROSPECTS**

Key Person Insurance prospects are easier to find than other prospects, simply because it is easier to identify business owners than other types of prospects. However, since they are approached by many financial service professionals, you need to set yourself apart. Be careful not to spend too much time talking about yourself and what you can do for them; a key technique to win them over is to really listen to their needs. Briefly explain yourself in a way that sets you apart from your competition and then let the business owner talk. In order to cultivate prospects, try some of the following:

# Key Person Insurance *Toolkit*



- Develop relationships with the people you do business with on a daily basis – the dry cleaner who cleans your business suits, the car dealer who sold you your car, the real estate agent who sold you your house. Everyone you do business with is a prospect. The best way to get a meeting on a favorable basis is to develop a favorable relationship. Once they are comfortable and you are viewed as non-threatening, ask questions and let them talk.
- Keep an eye out for new businesses and businesses in transition, for example, showing rapid growth, opening new offices, etc. Positive changes in the business world often signify opportunities for you.
- Purchase or develop lists of business owners in your area and send them a letter using our prospecting letters as a template. Follow up with a phone call.
- Oftentimes, business owners are not aware of the services you can provide. Develop a simple brochure to market yourself and share it with them.
- Develop a good “elevator speech,” a one-minute blurb about you. This may be all the time you have to differentiate yourself from the competition. You don’t sell insurance; you “help business owners preserve their revenues from unforeseen events.” And tailor your speech to the situation – to the particular concerns that the business owner might have.
- Join local business organizations – Rotary, Lions Club, etc. Use your time there to gain an understanding about the other local business owners in the area. Find out who their advisors (CPAs, attorneys, etc.) are so that you might surround them. In many situations, the advisors are an important part of the process. Find out who they use for accounting and legal work – maybe you already know them. If not, you need to get to know them.

List five (5) employer-prospects below:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Once you are in front of Key Person Insurance prospects and you have explained your practice to them, what do you say? Below are some questions you can ask that can lead to Key Person Insurance sales, as well as other sales (Buy-Sell Funding, Disability Insurance, Retirement Planning, etc.). Listen well and pick out the issues and concerns of the business owner – then provide solutions as only you can.

If they have key employees but no insurance coverage in place:

- How long would it take to replace one of your key people? What would be the cost – in lost revenue, recruiting, and training expenses?
- How will your creditors respond to the loss of one of your key people? Would this response change if your company received an infusion of capital to offset the loss?
- How will your customers, suppliers, and other employees react to the loss of a key employee? What would be the cost of any loss of confidence in your company?
- Is it difficult to retain your key employees? Would an executive benefits package help keep them on board at your company instead of working for a competitor?
- Are you planning to sell the business to any of your key employees? To whom would you sell the business if one of the key people died? Would the value of the business without the key employee be lower to the new buyer?
- How much revenue does your business generate? How much of that value is because of the talents and efforts of your key people? If they were not here, how much would your business revenues suffer?

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If they do not feel that they have any key employees:

- What are your plans for your business at your death? If you plan to sell the business, what will it be worth without you there?
- Does your business have debts that will have to be repaid at your death? Are you a guarantor for any debts of your business?

## **PART III — ADVISORS (CPAs AND ATTORNEYS)**

Advisors such as CPAs and attorneys are great referral sources. Work to educate them about the services that you can provide. They are often a part of the business planning that has and will occur and they can be advocates for the work that you do.

List five (5) Advisors who you have a relationship with that you can go see now:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Use the Q&A and the Concept Flow as pre-approach materials before the meeting. Or simply use those items during a face-to-face meeting. Take a Fact Finder and ask to do a proposal for a client just to show the advisor the work that you do.

Other ideas:

- Use the Prospecting Letter template to create an inexpensive direct mail campaign to CPAs advisors in your area. Send the material and then follow up 3-4 days later. Do not wait too long.
- Contact local CPA and advisor associations. Often they are looking for a speaker or they may have study groups that you can speak to.

**EVERYDAY SALES TOOLBOX — KEY PERSON INSURANCE TOOLKIT**  
**SAMPLE PROSPECTING LETTER**  
**CLIENTS**

*Once you've identified your current clients who may fit the Key Person Insurance profile, use this letter to introduce them to the concept. Place this letter on your letterhead.*

(Date)

(Client Name)

(Address 1)

(Address 2)

(City, State, Zip)

Dear (Client Name),

You have built your business with some of the most valuable assets around – your key people! Unfortunately, the cost to replace this intangible human asset is often not thought of until it's too late.

Shouldn't your employees who drive the revenue for your business be considered your most valuable asset? Do you have select people who drive the sales, provide intellectual capital, or are otherwise critical to the ongoing success of your business? The loss of one of those employees due to an untimely death can be less devastating with proper insurance planning.

Protecting your most important assets with Key Person life insurance coverage can provide peace of mind while trying to replace those skills that have helped make your business so successful.

I will call upon you shortly to review this invaluable benefit for your business.

Sincerely,

(Producer Name)

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**EVERYDAY SALES TOOLBOX — KEY PERSON INSURANCE TOOLKIT**  
**SAMPLE PROSPECTING LETTER**  
**ADVISORS**

*Once you've identified those professionals who may have clients who fit the profile, use this letter to introduce them to the concept. Place this letter on your letterhead.*

(Date)

(Advisor Name)

(Address 1)

(Address 2)

(City, State, Zip)

Dear (Advisor Name),

Do you have clients with select people who drive their sales, provide intellectual capital, or are otherwise critical in the success of their business? Could the impact of losing a vital employee in the event of an untimely death be devastating for your best clients?

Your clients have built their business on the strength of qualified people. Having the peace of mind during a time in which their business is coping with the loss of a significant employee is much less difficult with proper insurance planning.

Including Key Person life insurance coverage as part of your clients' overall business plans is as important as the people who make the business successful.

I will call upon you shortly to review this vital benefit for your clients and their business.

Sincerely,

(Producer Name)

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## Implementation Steps

### *Steps to Setting-Up and Funding a Key Person Plan*

Identify who the “key” executives are.  
(1)

1.) **Discuss the need and select the employee(s) to be covered** —

The first step in setting-up a Key Person plan is to make the employer aware of the challenge that would be presented to the business at the death of the key person(s). What would they do if they suddenly lost their best salesperson, the person who develops their proprietary software, or the owner who has all the relationships with the company’s banks? If you’re working with a nonprofit, how would they make up for donations lost at the death of their chief fund raiser?

Gather pertinent Key Person valuation data and supporting financial documentation.  
(2)

2.) **Determine the value of the key person(s)** —

Assess the estimated potential loss at the death of the key person(s) either through a discounting of the revenue they could be expected to bring in during their employment, the cost to hire and train a replacement, or as a multiple of their salary. If utilizing a method other than the multiple of salary be prepared to provide written financial justification.

The business is owner, beneficiary and premium payor.  
(3)

3.) **Apply for life insurance** —

The business passes a resolution authorizing the purchase of the life insurance on the key person(s) and then works with your representative to determine their insurability. At the same time, the employee(s) to be insured is given notice of the application and signs consent forms authorizing the purchase of insurance on their life. There are additional IRS reporting requirements for any Employer Owned Life Insurance which are the responsibility of the employer’s accountant.

The life insurance contract is signed as owner by an officer of the business other than the insured.  
(4)

4.) **Policy funding** —

Since no deduction is available for Key Person Insurance, cash value coverage, or at least Return of Premium term, should be considered. The policy can then provide for cost recovery in the more likely event that the key person is still alive when employment is terminated.

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## Questions and Answers

### WHAT IS KEY PERSON INSURANCE?

Key Person Insurance is a life insurance policy purchased by an employer on the life of a critical employee to help protect the business from the financial loss resulting from that employee's death. Policy proceeds can be used to recruit, hire, and train a replacement. They can be utilized for loan repayment to satisfy a completion bond on a project, or generally to maintain credit. Basically, Key Person Insurance is coverage that can provide a business a cash cushion in the event of an untimely death of a key employee and can help creditors, employees, and shareholders remain comfortable about the business' long-term stability and viability.

*Key Person Insurance can provide a business a cash cushion in the event of an untimely death of a key employee.*

### WHO IS A KEY PERSON?

A key person is any employee whose death would adversely impact either the day-to-day operations of the business or its long term profitability, or both. Examples of key persons include:

- Owners whose loss would seriously jeopardize credit availability
- Top salesperson or client driver
- The intellectual property employee
- A nonprofit's "rainmaker"

### HOW IS THE AMOUNT OF KEY PERSON COVERAGE DETERMINED?

It depends on what the business stands to lose at the death of the key person. There are a number of valuation methods utilized in assessing this loss. They include:

- Loss of Business Value
- Loss of Excess Earnings
- Cost to Replace Experience
- Cost to Replace Contributions
- Cost to Replace Lost Sales Profits
- Multiple of Salary

It may be best to focus on the Multiple of Salary method to substantiate the amount of coverage being applied for. In the absence of a cover letter explaining one of the other methods and financial documentation to justify it, underwriters regularly default to the Multiple of Salary method.

### HOW IS THE POLICY STRUCTURED?

The business is the owner, pays the premiums, and is the beneficiary.

### ARE THE PREMIUMS TAX DEDUCTIBLE TO THE BUSINESS?

No, although Key Person coverage does appear to be a business expense that would normally be deductible, IRC Section 264(a)(1) expressly provides that no deduction shall be allowed for premiums paid on any life insurance policy or contract. Where IRC Section 264(a)(1) applies, the premiums are not deductible even though they would otherwise be deductible as an ordinary and necessary business expense.

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## **IS THE DEATH BENEFIT RECEIVED INCOME TAX FREE BY THE BUSINESS?**

Yes, death proceeds are not subject to federal income tax as long as the Notice and Consent requirements of Section 101(j) are met. These requirements are discussed in detail in the final question below. Also, if the business purchased or received the Key Person policy in a Transfer-for-Value transaction that does not fall under one of the exceptions to the Transfer-for-Value rule, then the policy's death benefit, less the sum of any consideration paid for the policy plus any additional premiums paid by the business, will be taxable. The exceptions to the Transfer-for-Value rule in the context of business transactions are as follows:

- If the sale or other transfer for value is to the insured.<sup>1</sup>
- If the sale or other transfer for value is to a partner of the insured, to a partnership in which the insured is a partner, or to a corporation in which the insured is an officer or shareholder.<sup>2</sup>
- The life insurance policy is transferred as part of a tax-free reorganization.<sup>3</sup>

## **CAN THE KEY PERSON'S PERSONAL BENEFICIARIES SHARE IN THE DEATH BENEFIT?**

Yes, a portion of the death benefit can be endorsed over to the Key Persons for them to designate their own personal beneficiaries. The Key Person must recognize imputed income due to the economic benefit associated with the right to name a beneficiary. This is currently measured by the annual renewable term rates found in Table 2001<sup>4</sup> multiplied by the amount of coverage going to the Key Person's beneficiary.

## **ARE THERE ANY OTHER TAX CONSIDERATIONS ASSOCIATED WITH A KEY PERSON CONTRACT?**

Yes, if a business is organized as a C corporation and a cash value policy is used, the increases in cash value of the policy for a particular tax year may be subject to the Alternative Minimum Tax (AMT) and the Accumulated Earnings Tax (AET). The policy's cash value increase is added to the business' "adjusted current earnings" for the tax year, and is one of the many factors that can determine whether the corporation will be subject to either the AMT or AET. In addition, death proceeds received by a corporation may be exposed to both the AMT and AET if the corporation is subject to either. However, in due course numerous other things affect whether AMT or AET will be an issue for a C corporation.

## **CAN THE POLICY BE DISTRIBUTED TO THE EMPLOYEE AT SOME POINT?**

Yes; however, it is critical that there is no predetermined decision to do so and doing so may have potential Section 409A implications that are discussed in the next question. Further, the Key Person must recognize the Fair Market Value (FMV) of the policy as income in the year of distribution. Determining the FMV of a policy incorporates many factors (e.g. the type of policy, how long it has been force, etc.) and ultimately it is up to the taxpayers and their advisors as to the amount they report as the FMV. Your Advanced Sales Director is available to discuss the FMV computation in greater detail and IRS Form 712 can be submitted to a carrier for analysis of the policy value.

## **HOW DOES THE AMERICAN JOBS CREATION ACT OF 2004 AFFECT KEY PERSON ARRANGEMENTS?**

The American Jobs Creation Act of 2004 created IRC Section 409A. There is concern that §409A, which generally deals with the federal income taxation of nonqualified deferred compensation plans, may be broad enough in its scope to reach Key Person arrangements. The concern is when an arrangement terminates and the policy is rolled out to the employee – is that a form of deferred compensation and consequently subject to the rules of §409A? There appears to be one avenue of hope for avoiding the application of §409A to Key Person. The IRS guidance [Notice 2005-1, Q.-3(c)] says that the definition of a nonqualified deferred compensation plan does not include a "death benefit plan" that provides death benefits as defined in Reg. §31.3121(v)(2)-1(b)(4)(iv)(C). The question here, then, is whether a particular Key Person arrangement meets the fairly narrow definition of death benefits in the cited regulation. This will require a legal interpretation by the client's attorney.

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## **HOW DOES THE PENSION PROTECTION ACT OF 2006 AFFECT KEY PERSON ARRANGEMENTS?**

The Pension Protection Act of 2006 added income inclusion rules and exceptions with regard to company-owned life insurance and, since in all Key Person agreements the employer is both owner and beneficiary, it definitely applies. 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 excess proceeds would be ordinary income to the company.

There are exceptions to the income inclusion rule if the notice and consent requirements, which follow, are met. There are three elements to the employee notice and consent requirements that must be met before the policy is issued:

- The employee must be notified in writing that the employer intends to insure the employee's life. The notice must state the maximum face amount for which the employee could be insured at the time the policy is issued.
- The employee provides written consent to being insured under the policy and that the insurance may continue after the insured terminates employment.
- The employee must be informed in writing that the employer will be directly or indirectly a beneficiary of any proceeds payable on the death of the employee. Further requirements beyond the scope of this discussion also apply,<sup>5</sup> however, if adequate notice, consent and employment requirements are met, the policy benefits can be received tax-free.

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<sup>1</sup> IRC Sec. 101(a)(2)(B).

<sup>2</sup> Ibid.

<sup>3</sup> IRC Sec. 351(a) and Sec. 368(c).

<sup>4</sup> Although the IRS has not formally adopted Table 2001 as the benchmark for this measurement, most practitioners as well as the majority of life insurance carriers recommend its use until IRS publishes further guidance.

<sup>5</sup> The insured must be an employee of the company during the 12 months prior to their death, or a director or highly compensated employee of the company at the time the policy was issued. IRC Sections 1.414(q) and 105(h) apply.

# Key Person Insurance Toolkit



## Key Person Disability Arrangements

### *Key Person Insurance Is Not Just For Life Insurance*

Disability buyout protection is critical for owners of privately held business. Statistics show that, for most business owners, 90% of their net worth is tied up in their business. Business owners often purchase life insurance to protect their equity in a buyout agreement, but seldom obtain protection against disability – a risk that is three to five times more likely than death prior to age 65.<sup>1</sup> The failure to address disability in a buyout agreement or to fund the disability portion of the agreement could very well mean financial disaster for the remaining partner(s), disabled persons and/or their family.

**Factoid:** A majority, 58%, of working adults believe they are covered by disability insurance, but only one-third of workers nationwide are covered.

### **WHAT ARE THE CHANCES OF BEING DISABLED?**

The chart below shows the chances of being disabled for 90 days or more. The chart shows the importance of purchasing coverage when you are young, since your chances of being disabled decrease over time, as you grow closer to your retirement years. But even at age 50, there is almost a 1 in 3 chance that you will be disabled, with the average duration a little over 3 years. Certainly, the chart shows the importance of planning for a disability.

Your Age	Chances of being disabled in your lifetime (past 90 days)	Average duration of disability (past 90 days)
25	58%	1.2 years
30	54%	2.5 years
35	50%	2.8 years
40	45%	3.1 years
45	40%	3.2 years
50	30%	3.1 years
55	25%	2.6 years
60	14%	1.6 years

Source: Commissioner's IDA Morbidity and Commissioner's 50 Mortality Tables, Society of Actuaries

### **HOW DOES THE COMPANY PAY AN OWNER WHO HAS BEEN DISABLED?**

For many business entities, paying an owner who has been disabled may not be a hardship for a short period of time. But if the payments have to continue for an extended period of time, they quickly can create a drain on resources – especially when the owner was an integral part of the success of the business. Payments made to the owner will have to come from current profits and/or a withdrawal of basis. Depending on the entity, the impact of such a payment could be dramatic. For example, in the case of a C Corporation, payments would most likely be a dividend. Under this situation, the dividend would be taxable to the owner and NOT deductible to the business. On the other hand, the profits in a Partnership or S-Corp would still “flow through” to the disabled owner, even if the owner were not contributing to business efforts. Should payments exceed profits, basis will be impacted. In any case, the best time to deal with a crisis such as the disability of an owner is before it happens, with an agreement and a funding mechanism.

# Key Person Insurance *Toolkit*



## **WHAT TYPES OF DISABILITY INSURANCE ARE AVAILABLE TO FUND A KEY PERSON'S NEEDS AND HOW DO THEY WORK?**

Disability Buyout Insurance is designed to provide the company owners with the money they need to purchase a disabled owner's interest in the company at the agreed upon price. Once a sale price is agreed upon, a policy is purchased to provide the funds. Two other items need to be addressed when designing a policy. One is the waiting period, which is the amount of time you must be disabled before eligibility kicks in. Typically, the standard choices are 12, 18 and 24 months. The longer the waiting period, the lower the cost of the coverage will be. The other design issue to address is the benefit period – over what period of time will the benefit be paid? You can choose a lump-sum payment or payments over two, three or five years. Some providers offer a combination of the two. Regardless, a policy can be designed to fit each individual situation.<sup>3</sup>

## **ARE THE PREMIUM PAYMENTS FOR DISABILITY BUYOUT INSURANCE TAX-DEDUCTIBLE?**

No, premiums paid are not tax-deductible either on business or personal tax returns. Benefits will be received tax-free by the company.

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<sup>1</sup> May 2001 Survey of Society of Actuaries data by Millman & Robertson, Inc.

<sup>2</sup> America's Health Insurance Plans (AHIP) and the Society of Actuaries.

<sup>3</sup> Sometimes large buyout amounts are required. Our high-limit DI segment, Hanleigh, can help provide disability buyout solutions for up to \$100 million per life that can mirror the life insurance buyout protection needs of your high-income professionals. The underwriting process is streamlined and can use the same medical and financial information utilized during the life underwriting process. For more information, contact Hanleigh at 800.443.2922 or contact your Advanced Sales representative.

# Key Person Insurance Toolkit



## FactFinder

### Producer Contact Information

Name (first and last)	Company	Phone
Address	City/State/Zip	Email
		Fax

### Purpose of Insurance *(Please check all that apply)*

Provide Executive Benefits   
  Fund Buy-Sell Agreement   
  Augment Retirement Income   
  Estate Tax Planning   
  Other \_\_\_\_\_

### Corporation Information

Name of Company	State of Incorporation
Corporate Tax Bracket	Plan Year

### Insured(s) Information

Name (first and last)		
Date of Birth	Sex	
Underwriting Status		
Rating Information		
State of Issue	Proposed Insured's Retirement Age	Tax Bracket

### Type of Business

C Corporation   
  S Corporation   
  Partnership   
  Sole Proprietor

Is the business publicly traded?   
 Yes\*   
 No   
*(\*If yes, please contact Advanced Sales)*

Is the proposed insured:   
 The Business Owner   
 Corporate Officer/Director   
 Shareholder

### Insurance Information

Initial Death Benefit \_\_\_\_\_ or Solve

Death Benefit Option:   
 Level   
 Increasing   
 Return of Premium

Premium \_\_\_\_\_ For how many years / Age \_\_\_\_\_

Target Cash Value \_\_\_\_\_ At what age? \_\_\_\_\_

# Key Person Insurance *Toolkit*



## Post Retirement Distributions

No

Yes. If yes, Amount \_\_\_\_\_ Starting when \_\_\_\_\_ Duration \_\_\_\_\_

## Product Information

Carrier Preferences: \_\_\_\_\_

Purpose of Coverage:

- Cash Accumulation
- Guaranteed Death Benefit

Product Preference

- Whole Life:  
Dividend Option \_\_\_\_\_
- Universal Life
- Equity Indexed Universal Life
- Variable Universal Life  
Assumed Interest Rate \_\_\_\_\_

## Comments / Additional Information

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