

Key Employee Indemnification Insurance Plan in Action

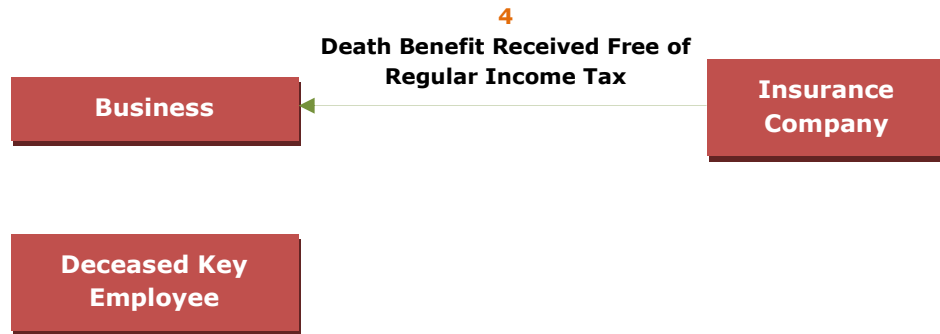
Here's how a key employee indemnification insurance plan could work for your business today...



1. Your business establishes the value of the key employee's contribution to the business.
2. After satisfying the notice and consent requirements for employer-owned life insurance contracts, your business purchases insurance in that amount on the key employee's life and pays the nondeductible premiums.
3. The life insurance policy is owned by your business, which is also named as the beneficiary.

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Here's how a key employee indemnification insurance plan could work for your business at the key employee's death...



4. While the premium payments for key employee indemnification insurance are not tax deductible, the death benefit is received by the business free of regular income tax at the key employee's death, assuming the requirements for employer-owned life insurance contracts are satisfied. However, while policy proceeds are not subject to the regular corporate income tax, corporations that are subject to the alternative minimum tax (AMT) may incur a tax liability, both on annual cash value increases and on the death benefit.