

SPLIT-DOLLAR LIFE INSURANCE PLAN IMPLEMENTED TO MINIMIZE PERSONAL INCOME TAX BURDEN

A Hodgson Russ client wished to purchase tens of millions of dollars of life insurance to provide liquidity to pay for estate tax on family owned business, but the amount of the insurance premium was prohibitive if the client were to pay the premium. If the client's company decided to pay the premium, the client would have to include the whole amount of the premium in taxable income, dramatically increasing his personal income tax bill. Hodgson Russ worked with our client to implement a split-dollar life insurance plan so that the company could pay the premium on the policy while minimizing the amount that our client would have to include in income. In addition, the life insurance was purchased via a life insurance trust, removing the death benefit on the insurance from the client's estate and increasing his children's inheritance.

Attorneys

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