

## Business Income Tax Guidelines

### Plan

**Buy-Sell, Cross (Survivor) Purchase Approach**

**Buy-Sell, Redemption (Entity) Approach**

**Key Employee**

**Retirement/Death Salary Continuation**

**Executive Bonus Compensation**

**Split Dollar, Endorsement (Business Owner)  
Approach**

**Split Dollar, Loan Based (Employee Owner)  
Approach**

### Payer

### Deductible

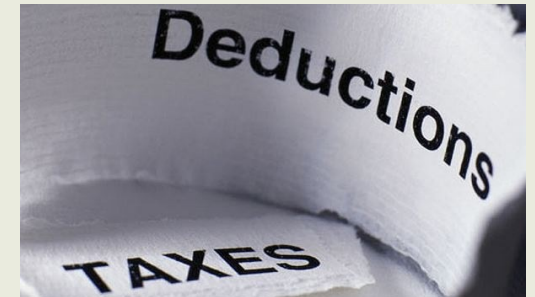
C Corporation	Yes
S Corporation (more than 2% owner)	No
LLC (not taxed as a C Corporation)	No

All forms of Business	No
All forms of Business	No
All forms of Business	No
C Corporation	Yes
S Corporation (2% or less owner)	Yes
LLC (non-owners)	Yes

All forms of Business	No
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All forms of Business	No
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# Tax Deductibility for Business Life Insurance



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## Business Entity

## Purpose of Coverage

- Sole Proprietor → One-Way Buy/Sell
- Sole Proprietor → Key Person
- C Corporation → Buy/Sell with other Shareholders
  
- C Corporation → Buy/Sell, Stock Redemption
- C Corporation → Key Person
- C Corporation → Retain Key Person
- C Corporation (Golden Handcuff-NQDC) → Retain Key Person
- C Corporation (Golden Handcuff 162 Bonus) → Retain Key Person
- S Corporation, LLC, Partnership → One Way Buy/Sell
- S Corporation, LLC, Partnership → Key Person
- S Corporation, LLC, Partnership-NQDC → Retain Key Person
- S Corporation, LLC, Partnership-NQDC → Key Person 162 Bonus
- C Corporation → Executive Benefit

## Insured

## Owner

- Sole Proprietor → Sole Proprietor
- Key Person → Sole Proprietor
- Shareholder → C Corporation through Split Dollar or Shareholders through Collateral Assignment
  
- C Corporation → C Corporation
- Key Person → C Corporation
- Key Person → C Corporation
  
- Key Person → Key Person
  
- Owner → Entity
- Key Person → Entity
- Key Person → Entity
- Key Person → Entity
- Key Person → Individual

## Beneficiary

## Premium

- Key Person → Not Deductible
- Sole Proprietor → Not Deductible
- Shareholders, i.e., Cross Purchase → Not Deductible
  
- C Corporation → Not Deductible
- C Corporation → Not Deductible
- C Corporation → Not Deductible
  
- Key Person → Deductible to the Corporation\*\*
  
- Key Person → Not Deductible
- Entity → Not Deductible
- Entity → Not Deductible
- Key Person → Deductible\*
- Spouse/Child → \*\* Deductible

\*May deduct through bonus and use of restricted endorsement

\*\* Deductible has comp income