

# TEN REASONS TO BUY LIFE INSURANCE IN PENSION PLANS

Did you know that IRS regulations allow the inclusion of life insurance policies in some profit sharing and defined benefit plans?

Here are ten reasons to consider this option!

## **#1: The Life Insurance Premium is Deductible**

As per I.R.C. Sec 404, the only place where life insurance premiums are deductible is in a pension plan.

## **#2: Proceeds are Estate Tax Exempt if Paid to Your Spouse**

As per the The Economic Recovery Tax Act of 1981.

## **#3: Proceeds can bypass employee & spouse's estate with use of a sub-trust.**

## **#4: PS-58 Reportable Income Reduces Taxable Income on Distribution**

The PS-58 cost is the tax on the employee's share of the life insurance premiums paid by the employer.

## **#5: Lower Available Reporting Than Term or Group Insurance**

## **#6: Savings on Group Insurance Costs for Rank & File Employees**

The PS-58 cost is the tax on the employee's share of the life insurance premiums paid by the employer.

## **#7: Pension Plans Produce A Higher Ratio Of Death Benefits For Owner Employees Than Group Insurance.**

## **#8: Guaranteed Issue Provides Standard Insurance For Sub-Standard Risks.**

## **#9: When Guarantee Issue Is Not Available Sub-standard Ratings Are Deductible To The Plan Sponsor.**

## **#10: Life Insurance In A Qualified Plan Reduces Administrative Costs.**