

# KEY EMPLOYEE LIFE INSURANCE CHECKLIST



The following checklist details the items that are generally needed to properly complete a key employee life insurance arrangement.

## STEP 1



Identify key employee(s).

### **Parties Involved**

Business owner, licensed financial professional

## STEP 2



Determine the face amount of life insurance coverage needed on each key employee (proposed insured) and select the type of policy.

### **Parties Involved**

Business owner, licensed financial professional

## STEP 3



Execute a board resolution expressing the business's intention to establish a key employee insurance arrangement and authorizing payment of the stipulated premium.

### **Parties Involved**

Business owner, legal counsel

## STEP 4



Complete a life insurance application with the key employee as the proposed insured and the business as the owner, beneficiary and premium payor.

### **Parties Involved**

Key employee(s), business owner, licensed financial professional

## STEP 5



Prior to policy issue, execute employer-owned life insurance notice and consent documentation as required under Internal Revenue Code § 101(j). This documentation should be retained by the business to prove compliance.

### **Parties Involved**

Business owner, legal counsel

## STEP 6



Annually report with the business tax return the data requested for employer-owned life insurance for policies issued after August 17, 2006.

### **Parties Involved**

Business owner, business's tax preparer



# **DIVERSIFIED BROKERAGE SERVICES**

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