

Summary of Business Needs and Life Insurance

Obviously, life insurance can be effective in providing benefits to families who endure the loss of a loved one. Life insurance can also be strategically used to help protect and grow a business. Take a look at some of the ways life insurance can be an effective option for owners of small, medium and large businesses.

Business Need	Strategy or Action	Can Life Insurance Be Used?
Business Continuation Upon Death, Retirement or Disability of Owner		
	Buy-Sell Agreements	✓
	Cross-Purchase	✓
	Entity Purchase	✓
	Wait-and See	✓
	Trusteed Buy-Sell	✓
	One-Way Buy-Sell	✓
	ESOP Trusts	✓
Protecting the Value of the Business		
	Key Person Protection	✓
	Employment Contracts	✓
	Non-Compete Agreements	
Recruit, Reward, Retain Employees		
	Executive Bonus Plans	✓
	SERP Plans	✓
	Pure Deferral NQDC	✓
	Endorsement Split Dollar (COLI)	✓
	Loan-Based Split Dollar (Employee Owned)	✓
	Dynamic Duo	✓
	DBO	✓
Development of Senior Leadership		
	Stock Voting Rights	
	Board of Directors/Executive Committees	
	Mentoring and Employment of Children in the Business	
	Family Meetings and Retreats	
Keeping the Business in the Family		
	Lifetime Gifts of Business Interests	✓ (with other techniques)
	Discounted Gifts of Business Interests	✓ (with other techniques)
	Transfers to GRATs	✓
	Sales to IDGTs	✓
	Installment Sales of Business Interests	✓
	SCIN/Private Annuity Sales	✓
	Annuities with Life Insurance	✓
	Private Financing of Premiums	✓
	Third-Party Premium Financing	✓

Business Need	Strategy or Action	Can Life Insurance Be Used?
Retirement Planning for Owner		
	NQDC	✓
	LIRP	✓
	Qualified Plans	✓
	S Corp Owners	✓
	Sale of Business as Exit Strategy	✓
Estate Planning for Owner		
	Estate Liquidity	✓
	Estate Equalization	✓
	Income Replacement	✓
	Tax-Efficient Transfer of Family Wealth	✓
	ILITs, Dynasty Trusts	✓
	Intentionally "Defective" Trusts	✓
General Business Purposes		
	Lender Protection	✓
	Capital Projects	✓
	Group Benefits	✓
	HCE Carve-Outs	✓
	Asset Protection	✓
	Consulting Arrangements	
Charitable Goals of Owner		
	Charitable Gifts of Business Interests	✓
	Charitable Trusts	✓
	Family Foundations	✓

This information represents only our current understanding of the law in general and is not to be considered legal or tax advice by purchasers. Business tax rules and the tax treatment of life insurance are subject to change at any time. Neither Protective Life nor its representatives offer legal or tax advice. Purchasers should consult with their legal or tax adviser regarding their individual situations before making any tax related decisions.

Life insurance is issued by Protective Life Insurance Company, 2801 Highway 280 South, Birmingham, AL 35223.