Allianz

Allianz Life Insurance Company of North America

LIFE ADVANCED MARKETS

Split-dollar life insurance agreement (endorsement approach): Example resolution

Authorizes the key employee compensation arrangement and ensures it is implemented in a structured and legally sound manner

A split-dollar arrangement is an agreement between the employer and employee in which they split rights to a life insurance policy's accumulation values and death benefit. There are different approaches to designing this arrangement.

Using the endorsement approach, a company can offer life insurance to an employee but keep control of the policy. The employer purchases a cash value life insurance policy on the life of the key employee and names the employer as beneficiary.

The employer endorses a portion of the death benefit to the employee, who then designates a beneficiary to receive their share of the death benefit. The employer retains the right to the greater of the policy's cash values or the premiums paid.

Keep in mind that any strategy that includes life insurance is contingent on the health underwriting of the insured and financial underwriting. Employers should consult with financial professionals and tax professionals to determine whether it is an appropriate strategy for their specific situation.

All legal documents need to be drafted by an attorney; this example is provided as a reference for your discussions.



Indexed Universal Life (IUL)
With its death benefit protection, accumulation potential, and the opportunity for loans and withdrawals, IUL can be a valuable tool for small businesses to address key-employee compensation, business succession, and business-owner estate-planning strategies.



NEED ADDITIONAL HELP? Call the Life Case Design Team at **800.950.7372.**

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Clients should consult their own legal counsel to ensure that any agreements meet their specific needs and comply with applicable laws and regulations. The provision of this specimen document does not imply endorsement or approval of any specific terms or conditions contained within it. It is not adapted to the specific circumstances or objectives they may have.

Allianz Life Insurance Company of North America does not provide financial planning services.

Indexed universal life (IUL) insurance policies provide a death benefit that is generally paid income-tax-free to beneficiaries, and the potential to build tax-deferred accumulation value. IUL requires qualification through health and financial underwriting.

Policy loans and withdrawals will reduce the available cash value and death benefit and may cause the policy to lapse, or affect guarantees against lapse. Withdrawals in excess of premiums paid will be subject to ordinary income tax. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. If a policy is a modified endowment contract (MEC), policy loans and withdrawals will be taxable as ordinary income to the extent there are earnings in the policy. If any of these features are exercised prior to age 59 1/2 on a MEC, a 10% federal additional tax may be imposed. Tax laws are subject to change and you should consult a tax professional.

Product and feature availability may vary by state and broker/dealer.

Guarantees are backed by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.

Products are issued solely by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. 800.950.1962. www.allianzlife.com

This content does not apply in the state of New York.

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CORPORATE RESOLUTION OF EMPLOYER

(to be used with Split-Dollar Insurance Agreement – Endorsement Approach)

The undersigned, being all of the directors of _____ , a corporation duly organized and existing under and by virtue of the laws of the State of ___ , at a meeting of the board of directors duly called on the ___ day of _____ , 20___ , and held at _____ , with a quorum present, unanimously adopt the following resolutions:

WHEREAS, _____ (the "Employee") as a valued employee of the company has acquired experience and knowledge and has performed valuable services to the business of the company and the company desires that Employee continue to do so; and

WHEREAS, the company desires to recognize the valued contributions of the Employee to the company and induce the Employee to continue providing services to the company, by assisting the Employee in providing life insurance for the benefit and protection of the Employee's family by utilizing a split-dollar life insurance arrangement that will provide a death benefit to the Employee's family in the event of the Employee's death while employed by the company but will also allow the company to recover the total premiums the company pays to purchase life insurance on Employee's life.

BE IT RESOLVED: That the company is hereby authorized to adopt for the benefit of the Employee the terms and conditions of that certain Split-Dollar Insurance Agreement between the company as "Employer" and the "Insured Employee" as attached hereto in specimen form (the "Agreement") and which is incorporated herein by this reference and made a part hereof as if fully set out herein.

BE IT FURTHER RESOLVED: That the appropriate officers of the corporation are hereby authorized and directed to: (1) take the necessary steps to institute the split-dollar life insurance arrangement, (2) take such actions as may be necessary to obtain a policy of life insurance in an appropriate face amount, issued by Allianz Life Insurance Company of North America, with the company identified as the owner and as beneficiary of such policy in an amount equal to its total premium payments to date and the beneficiary designated by the Employee to be named as the beneficiary of the balance of the death benefit proceeds of the policy, as more fully described in the Agreement, and (3) to pay from the company's funds all premiums for such life insurance policy as they become due and payable.

By signing this instrument, the undersigned take the above actions on the ___ day of _____ , 20___.

_____
Director

_____
Director

_____
Director

_____
Director

SAMPLE