

Legal Alert: IRS Issues Form to Report Employer-Owned Life Insurance

February 7, 2008

The Internal Revenue Service has issued Form 8925 to report certain employer-owned life insurance contracts pursuant to Code section 6039I as enacted in the Pension Protection Act of 2006. Click [here](#) for a copy of Form 8925. Temporary regulations issued in November 2007 made specific provision for this information reporting. Click [here](#) for our legal alert on the temporary regulations.

For each tax year ending on or after November 14, 2007, every policyholder owning one or more “employer-owned life insurance contracts” issued after August 17, 2006, must attach Form 8925 to its income tax return. For this purpose, “employer-owned life insurance contract” is defined in Code section 101(j) and generally is a policy:

- Owned by a person engaged in a trade or business and under which that person (or certain related persons) is the direct or indirect beneficiary; and
- Covering the life of a U.S. citizen or resident who is an employee of the applicable policyholder on the date of contract issuance. “Employee” includes an officer, director, or highly compensated employee under Code section 414(q).

Form 8925 reports, among other things, the number of employees covered by such employer-owned life insurance contracts and whether each employee provided advance written consent to be insured and for the coverage to continue after termination of employment. (Where those consents are obtained, the section 101(j) limitation on the exclusion of death proceeds from the policyholder’s taxable income is inapplicable in certain circumstances, based on the status of the insured or the payment of death proceeds to heirs of the insured.)



Sutherland
■ Asbill & ■
Brennan LLP

ATTORNEYS AT LAW

If you have any questions regarding this alert, or the services we provide, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

George H. Bostick	202.383.0127	george.bostick@sablaws.com
Daniel M. Buchner	202.383.0869	daniel.buchner@sablaws.com
Adam B. Cohen	202.383.0167	adam.cohen@sablaws.com
Thomas A. Gick	202.383.0191	tom.gick@sablaws.com
James V. Heffernan	202.383.0141	james.heffernan@sablaws.com
Michael R. Miles	202.383.0204	michael.miles@sablaws.com
Alice Murtos	404.853.8410	alice.murtos@sablaws.com
Robert J. Neis	404.853.8270	robert.neis@sablaws.com
Vanessa A. Scott	202.383.0215	vanessa.scott@sablaws.com
W. Mark Smith	202.383.0221	mark.smith@sablaws.com
William J. Walderman	202.383.0243	william.walderman@sablaws.com
Carol A. Weiser	202.383.0728	carol.weiser@sablaws.com