Guide to

Business Life Insurance Policies on Key Executives

Life insurance policies on key executives can represent millions of dollars in assets for a business. If the business merges or gets acquired by another entity, those policies often become the resulting entity's assets. But when the executives covered by those policies don't follow, the entity typically has three choices:

1. Stop paying premiums and let the policies lapse.
2. Cash in the policies for their surrender value.
3. Continue paying premiums and collect the death benefits when the executives die.

The Situation from the Executive's Perspective

A key executive who retires or severs ties with an employer in a merger or acquisition may receive his or her key person policy in the compensation package because the business no longer needs the coverage. But if the executive doesn't need the coverage either, or doesn't want to assume the premium payments, the first two options above were once the only solutions.

The Answer: Life or Viatical Settlement

Now, a business or executive holding an unneeded life insurance policy can get a quote from VSPI on a life or viatical settlement to sell the policy to a financial institution, typically for more than the policy's cash surrender value.

For a business, it represents an opportunity to recoup as much of the premium investment as possible. For the retired executive, it's like receiving a cash bonus.

Even term policies, which have no surrender value, can be sold, resulting in gains that were formerly unavailable.

Tax Implications

VSPI is not a financial planner, so we strongly recommend you work with your tax adviser to assess how this transaction may affect what you owe, since tax law is continually changing.

Call 888-321-9057 or 804-740-3900 or email swatson@vspi.com to discuss your particular case. Visit www.VSPI.com for details on the process so you may *Bring Your Benefits to Life*.