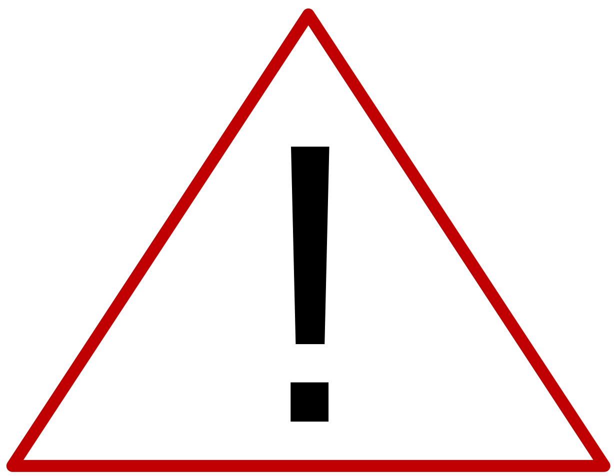
THE LIFE INSURANCE UNHOLY TRINITY

Problem	Party A owns a life insurance policy on the life of Party B and makes the proceeds payable to Party C. Upon the death of Party B, Party A will be deemed to have made a **taxable gift of the entire death benefit** to Party C. The tax on this gift could be as high as 40%!
Solution	If the insured is not the owner, then the owner and beneficiary should always be the same.

Party A:
The Owner



Party B:
The Insured

Party C:
The Beneficiary

Common "Unholy Trinity" Scenarios

	Owner	Insured	Beneficiary	Result Upon Insured's Death
Spouse Owns Policy	Spouse A	Spouse B	Children	Spouse A is considered to have made a **taxable gift of the death benefit** to children.
Child Owns Policy on Parent	Child A	Parent	Child A, Child B, & Child C	Child A is deemed to have made a **taxable gift of 1/3 of the death benefit** to Child B and **1/3 of the death benefit** to Child C.
Business Owns Policy on Owner	Business	Business Owner	Business Owner's Spouse	Death benefit will be **taxable as a dividend or compensation** to Business Owner's Spouse.
Business Owns Policy	Business	Non-Owner Key Employee	Key Employee's Spouse	Death benefit will be **taxed as compensation** to Key Employee's Spouse.

Change of ownership on an existing policy to avoid the tax effects of the "unholy trinity" may result in a transfer for value or other serious tax consequences. Contact BUI's Advanced Marketing Specialists for guidance in avoiding the "unholy trinity" at **(314) 392-2841**.