



WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK

A Legal & General America Company
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Employer Owned Life Insurance Acknowledgement and Consent

The Pension Protection Act of 2006 (effective on policies issued on or after August 18, 2006, as well as policies issued before August 18, 2006 that undergo material increases in death benefit) places certain requirements on employer-owned life insurance policies for the death benefit to remain income tax-free. Employers must provide notification of the proposed purchase of life insurance to the employee and the employee must provide written consent to the employer before any policy is issued. There are also record keeping requirements imposed upon the employer. **The following is a brief summary of the Act as it relates to life insurance. This is not to be construed as legal or tax advice and individuals and employers applying for Employer Owned Life Insurance should first seek the advice of an attorney or tax professional.**

Notice and Consent Requirements

Prior to a life insurance policy's effective date, employers must:

- (1) Notify the employee in writing of the coverage and the maximum face amount for which the employee could be insured; and
- (2) Notify the employee in writing that the employer is the beneficiary of death benefits.

Employees are required to provide their employer with written consent to being insured and also to coverage that may last beyond his or her employment.

Specified Exceptions

If the above notice and consent provisions are satisfied, employers can retain tax advantages so long as the insured falls within one of the following exceptions:

- (1) The insured was an employee within 12 months of death;
- (2) At the time the policy was issued, the employee was:
 - a. A director, or
 - b. A highly compensated employee within the meaning of tax code section 414(q), or
 - c. A highly compensated individual within the meaning of tax code section 105(h);
- (3) The death benefits are paid to the family of the insured, an individual the insured has named (other than the employer), a trust established for the benefit of a family member, or used to purchase an equity interest in the employer (buy-sell).

Employer Record Keeping Responsibilities

Employer has the following reporting and record keeping obligations:

- (1) File a return reporting:
 - a. The total number of employees at the end of the year;
 - b. The number of employees insured under employer owned contracts at the end of the year;
 - c. Total amount of insurance in force at the end of the year under such contracts;
 - d. Name, address, and taxpayer ID of the employer and the type of business in which it is engaged; and
 - e. Statement that the business has a valid consent for each insured employee.
- (2) Maintain records of compliance with the Employee's Notice and Consent requirement and the employer's reporting requirements.

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Name of Potential Owner/Employer: _____

Name of Potential Insured/Employee: _____

William Penn Life Insurance Company of New York (the "Company") is furnishing this form as an accommodation to the undersigned employer and employee (the "parties"). **No policy will be issued until the form is completed and signed by both parties and returned to the Company.** The parties represent and agree that the Company makes no representations concerning tax treatment of the benefits of this insurance under the Internal Revenue Code.

EMPLOYER ACKNOWLEDGEMENT

1. We have provided proper notice to the employee and obtained the employee's consent to purchase life insurance on his or her life.
2. We represent that the employee falls within one of the specified exceptions as outlined in the Pension Protection Act of 2006.
3. We understand and acknowledge that if proper notice and consent is not obtained, or if the employee does not fit within one of the specified exceptions as outlined in the new tax law, then the death benefit under any life insurance policy covering our employee may be subject to federal income tax.

Owner/Employer
Authorized Name & Title

Owner/Employer
Authorized Signature

Date

EMPLOYEE CONSENT

I hereby consent to being insured under a life insurance policy purchased by my employer. The maximum face amount for which my life can be insured has been explained to me and I understand that this coverage may continue after my employment with the above-named employer terminates.

Insured/Employee Name

Insured/Employee Signature

Date

IRS Circular 230 Notice: This information concerning tax issues is not intended (and cannot) be used by anyone to avoid IRS penalties. It is merely intended to support the sale of life insurance products. Clients should always seek tax advice based on their particular circumstances from an independent tax advisor.