

THE NATIONAL UNDERWRITER COMPANY

2015 TAX FACTS ON INSURANCE & EMPLOYEE BENEFITS

**Robert Bloink, Esq., LL.M.,
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VOLUME 1

2015 TAX FACTS

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Pensions and Profit Sharing • Structured Settlements
Taxation of Individuals**

**Robert Bloink, Esq., LL.M.
William H. Byrnes, Esq., LL.M., CWM®**

2015 Edition

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- Property That Can Be Given Under Uniform Gifts to Minors Act (by state)
- Donee's Age When Custodianship Established under UGMA or UTMA Ends
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INTRODUCTION TO 2015 TAX FACTS ON INSURANCE & EMPLOYEE BENEFITS

Welcome to the 2015 edition of *Tax Facts on Insurance & Employee Benefits*. This year's *Tax Facts* features both new and enhanced content designed to help you provide clients with the most relevant tax planning advice possible. We have added this material in order to provide the content that our subscribers have requested—incorporating analysis of the most important recent judicial rulings and Internal Revenue Service guidance in the areas that are most relevant to your business.

We are excited to introduce a significant expansion of our section on international law to include the most pressing tax issues faced by U.S. individuals who have frequent business or other ties with Canada. Additionally, we have once again expanded our popular annuities materials in order to provide more information on the myriad annuity options available to clients today.

Our coverage of IRAs has expanded to include the complex area of inherited IRAs as it applies to spouses as well as other designated beneficiaries. We also expanded our coverage of Roth conversions from traditional IRAs. Included are questions on conversions to both Roth IRAs and Roth 401(k)s. We also introduce questions this year on the new myIRAs dealing with eligibility, distributions and restrictions.

Coverage of the Affordable Care Act has been expanded to deal with compliance issues and tax credits in regard to the individual mandate.

Tax Facts on Investments also contains important new content, including an expanded section devoted to tax considerations in regard to real estate investment trusts (REITs). In addition, we expanded coverage of our section on reverse mortgages to include key developments from the past year.

Throughout *Tax Facts*, you will find an expansion of our “planning points,” each offering a piece of practical advice written by a practitioner who is an expert in his or her field, which will assist you in providing your clients with the most knowledgeable guidance possible. We have continued to reorganize many of our more complicated questions, splitting almost 75 questions into discrete subparts that make these questions simpler and easier to understand. When combined with our updated Code-based index, we believe this will streamline your research process and save you time and effort.

As always, please keep in mind that updated information on critical tax law changes will be available as they occur for all subscribers at www.TaxFactsUpdates.com. This includes any tax code changes that may emerge from the negotiations over the various expired tax code provisions that continue to progress through Congress as we go to press with this edition.

Additional changes throughout the year—including revenue rulings, case law decisions, and legislative and regulatory activity—are available through subscription to our online tax service,

Tax Facts Online. *Tax Facts Intelligence*, a monthly newsletter that provides the most current analysis of recent IRS rulings and industry developments, rounds out the suite of *Tax Facts* publications.

This edition of *Tax Facts* was developed with the assistance of authors Professor William H. Byrnes and Professor Robert Bloink. Prof. Byrnes currently serves as the Dean of Thomas Jefferson Law School and has been the author of numerous books, treatises and scholarly articles. Prof. Bloink is an insurance industry expert whose practice incorporates sophisticated wealth transfer techniques, as well as counseling institutions in the context of their insurance portfolios. He is also a professor of tax for the Graduate Program of International Tax and Financial Services, Thomas Jefferson School of Law.

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ABOUT THE AUTHORS

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Previously, Mr. Bloink served as Senior Attorney in the IRS Office of Chief Counsel, Large and Mid-Sized Business Division, where he litigated many cases in the U.S. Tax Court, served as Liaison Counsel for the Offshore Compliance Technical Assistance Program, coordinated examination programs audit teams on the development of issues for large corporate taxpayers, and taught continuing education seminars to Senior Revenue Agents involved in Large Case Exams. In his governmental capacity, Mr. Bloink became recognized as an expert in the taxation of financial structured products and was responsible for the IRS' first FSA addressing variable forward contracts. Mr. Bloink's core competencies led to his involvement in prosecuting some of the biggest corporate tax shelters in the history of our country.

William H. Byrnes, Esq., LL.M.

William Byrnes is the leader of Summit Professional Network's National Underwriter Financial Advisory Publications for the Reference Division, "one of the leading authors and best-selling authors in the professional markets" with 30 books and 23 book chapters that have sold in excess of 100,000 copies in print and online, with over one thousand online annual database subscribers. William Byrnes has been featured in major media (e.g. Wall Street Journal, USA Today).



William Byrnes' weekly articles are published in National Underwriter Advanced Markets, Tax Facts Online, ThinkAdvisor and LifeHealthPro. "The authors' knowledge and experience in tax law and practice provides the expert guidance for National Underwriter to once again deliver a valuable resource for the financial advising community," (Reuters, January 21, 2014). "In the field of international tax, Prof. William Byrnes is among LexisNexis's best-selling authors ..." Ray Camiscioli, Esq., LexisNexis, Inc.

William Byrnes served in senior positions of Coopers and Lybrand where he consulted for multi-nationals and high net wealth business owners. He has been commissioned and consulted by a number of governments on their tax, fiscal, and education policy. He was a tenured law faculty member in Miami, Florida, and in the early nineties pioneered online tax and financial services

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He has a B.S. in Accounting from Pennsylvania State University, J.D. from Widener University, and LL.M. (Taxation) from Temple University. In addition, Mr. Ellis is Executive Editor and Co-author, and along with Stephen Leimberg, et.al., of *Tools and Techniques of Estate Planning*, 16th Edition, The National Underwriter Company, as well as a Co-Author of the 15th Edition. Also, Mr. Ellis is the author of the book “Drafting Wills and Trusts in Pennsylvania”, 2010 Edition for PBI Press. Mr. Ellis is also a member of the Editorial Advisory Board for Tax Facts 2012 through 2015, The National Underwriter Company. In addition, he is the author of 30 articles for Pennsylvania Tax Service Insights (LexisNexis Matthew Bender). Finally, he is a former member of the Adjunct Faculty at Villanova Law School where he taught Family Wealth Planning.

Mr. Ellis frequently speaks to a variety of groups, including attorneys, accountants and financial planners throughout Pennsylvania, New Jersey, Delaware and Maryland. Mr. Ellis is also the Course Planner for the PBI Courses “Drafting Wills and Trusts in Pennsylvania”, “Wills v. Trusts: A Primer on the Right Tool for Your Clients”, “Use of Trusts”, and “Post-Mortem Estate Planning”, and a participant in a variety of additional courses for PBI. He is also an annual participant in the Villanova University’s annual tax conference, cosponsored with the Internal Revenue Service.

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Randy Gardner is a Professor of Tax and Financial Planning and former Director of the Certificate in Financial Planning Program at the University of Missouri – Kansas City. He is an estate planning attorney with over 30 years of experience and one of the founders of onlineestateplanning.com. He is coauthor of *101 Tax Saving Ideas* and *Tools and Techniques of Income Tax Planning* and is a highly rated discussion leader who has been recognized an Outstanding Educator by the Missouri Society of CPAs. Mr. Gardner brings his teaching experience and tax planning expertise to Garrett Members as the Network Tax, Estate & Financial Planning Coach.



In addition to teaching, Mr. Gardner is a member of WealthCounsel, LLC, serves on the Editorial Board of *The Journal of Financial Planning*, and is former member of the Council on Examinations of the Certified Financial Planner Board of Standards. He is a member of the AICPA, the Missouri Society of CPAs, and the Kansas Bar Association. He has also written many articles for publications such as the *Journal of Financial Planning*, *Taxation for Accountants*, *Practical Tax Strategies*, and *Tax Adviser*.

Johni Hays, J.D.



Johni Hays is Vice-President of Thompson and Associates. With almost 20 years' experience as a practicing attorney in charitable and estate planning, Johni Hays is a recognized expert on the subject of charitable gift planning. Johni is the author of the book, *Essentials of Annuities* and co-author of the book, *The Tools and Techniques of Charitable Planning*. Johni serves on the Editorial Advisory Board for the books *Tax Facts on Investments* and *Tax Facts on Insurance and Employee Benefits*. She serves as a charitable planning author of Steve Leimberg's electronic newsletter service, LISI, found at www.leimbergservices.com. Johni has been quoted in the Wall Street Journal and has published charitable planning articles in Estate Planning Magazine, Planned Giving Today, Fundraising Success, Life Insurance Selling and the National Underwriter magazines.

Johni is in demand as a national lecturer on estate and charitable planning, probate, living wills, annuities, life insurance, retirement planning and IRAs, as well as income, estate and gift taxation. Johni has been engaged in the practice of law with an emphasis in charitable and estate planning since 1993.

Prior to joining Thompson & Associates, Johni served as the Senior Gift Planning Consultant for The Stelter Company. Prior to that as the Executive Director of the Greater Des Moines Community Foundation Planned Giving Institute. In addition, Johni practiced estate planning with Myers Krause and Stevens, Chartered law firm in Naples Florida, where she specialized in estate planning.

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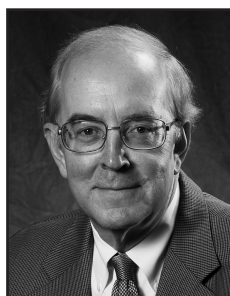


stages of tax controversies, including all administrative and judicial levels from examination through court proceedings.

Mr. Hodges has represented a broad range of taxpayers, including individuals, estates, closely held businesses, tax-exempt organizations, and publicly traded corporations. A substantial number of these engagements have involved the defense of TEFRA partnerships and limited liability companies. He has represented taxpayers in many different federal courts, including the U.S. Tax Court, the U.S. District Court for the Northern District of Georgia, the U.S. District Courts for the Middle District and Southern District of Florida, the U.S. District Court for the Southern District of Mississippi, the U.S. District Court for the District of Arizona, the U.S. District Court for the District of South Carolina, the U.S. Court of Federal Claims, and the U.S. Court of Appeals for the Fifth, Ninth and Eleventh Circuits.

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Erik M. Jensen



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Robert Keebler is a partner with Keebler & Associates, LLP. He is a 2007 recipient of the prestigious Distinguished Estate Planners award from the National Association of Estate Planning Counsels. Mr. Keebler has several times been named by *CPA Magazine* as one of the top 100 most influential practitioners in the United States. His practice includes family wealth transfer and preservation planning, charitable giving, retirement distribution planning, and estate administration.



Mr. Keebler frequently represents clients before the IRS National Office in the private letter ruling process and in estate, gift, and income tax examinations and appeals, and he has received more than 150 favorable private letter rulings including several key rulings of first impression. He is the author of over 100 articles and columns and is the editor, author, or coauthor of many books and treatises on wealth transfer and taxation.

Sonya King, J.D., LL.M.



Sonya King has been involved with tax issues affecting estate, retirement, business, and charitable planning for fifteen years. Prior to joining New York Life’s Advanced Planning Group in 2010, Ms. King worked at the National Underwriter Company where she was an editor of *Tax Facts* and the *Tools & Techniques* series. She authored numerous articles on life insurance, annuities, retirement, income tax, health and welfare plans, and charitable and estate planning. Sonya is a coauthor of the *Tools & Techniques of Income Tax Planning*.

Before that, Ms. King served as a judicial law clerk to the Honorable Donald R. Ford at the Eleventh District Court of Appeals in Warren, Ohio, and also as a trust officer with Key Bank. Prior to attending law school, she was a registered principal (Series 24) and licensed insurance agent for a major life insurance company.

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Michael E. Kitces, MSFS, MTAX, CFP®, CLU, ChFC, RHU, REBC, CASI

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Beyond his website, Michael is an active writer and editor across the industry and has been featured in numerous publications and has coauthored several books. In addition, Michael has been recognized as financial planning's "Deep Thinker" influencer, a "Mover & Shaker," one of the "Power 20," and was selected as one of the 2010 recipients of the Financial Planning Association's "Heart of Financial Planning" awards for his extensive volunteer work in the financial planning community and dedication to advancing the profession.

Michael is also a cofounder of NexGen, a community of the next generation of financial planners that aims to ensure the transference of wisdom, tradition, and integrity, from the pioneers of financial planning to the next generation of the profession.

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Alson R. Martin is a Partner of Lathrop & Gage LLP in Overland Park, Kansas. The firm also has offices in Los Angeles, California; Denver & Boulder, Colorado; Washington, D.C.; Chicago, Illinois; Kansas City, St. Louis, Jefferson City, Springfield & Columbia, Missouri; Boston, Massachusetts; and New York, New York.

Al is a Fellow of the American College of Tax Counsel and American College of Employee Benefits Counsel, as well as a charter Life Member of the American Tax Policy Institute. Mr. Martin is listed in the book *The Best Lawyers in America* (from inception in three categories), *Outstanding Lawyers of America*, *Missouri-Kansas Super Lawyers*, *Ingram's Best Lawyers in Kansas City* (three categories), *American Lawyer Media & Martindale-Hubbell™ Top Rated Lawyers* in

Health Care, and Guide to Leading U.S. Tax Lawyers. He was selected by Best Lawyers as the 2010 Kansas City, KS Corporate Lawyer of the Year and 2013 Tax Lawyer of the Year.

Al is the author of *Healthcare Reform Facts* (2015), *Limited Liability Companies and Partnerships* (3rd edition, 2011) and coauthor of *Kansas Corporation Law & Practice (Including Tax Aspects)* (5th edition, 2011), and has written many articles in various publications. He was also Technical Editor of Panel Publication's monthly newsletter *The 401k Advisor* from 1990- 2012. He has published numerous articles and made hundreds of speeches. Mr. Martin was for many years Co-Chair and speaker at the Annual Advanced Course of Study Professional Service Organizations, a faculty member for the ALI-ABA Courses Estate Planning for the Family Business Owner and Sophisticated Estate Planning Techniques, as well as speaker at many national meetings of the American Bar Association Tax Section, the ESOP Association Annual Convention, Mountain States Pension Conference, Southern Federal Tax Conference, Notre Dame Estate Planning Symposium and the Ohio Pension Conference, as well as the Alabama, Georgia Federal, Kansas, Missouri, and Tennessee Tax conferences.

He is President and Director of the Small Business Council of America, and he was a delegate to the 1995 White House Conference on Small Business and the 2006 Savers' Summit, Washington, D.C. Mr. Martin has testified in Congress.

Al graduated with Highest Distinction from Kansas University and was a Phi Beta Kappa, Summerfield Scholar, Student Body President. He received his J.D., *cum laude*, and LL.M. in taxation from New York University School of Law, where he was a Root-Tilden Scholar and Note & Comment Editor, *New York University Law Review*.

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Gregory Matthews is a principal and CEO and senior benefit and compliance consultant with Matthews Benefit Group, Inc., in St. Petersburg, Florida. He is the creator and author of the monthly employee benefits newsletter *401(k) Advisor*, author of the *Payroll Answer Book*, and coauthor of the *403(b) Answer Book Forms & Worksheets* for Aspen Publishers. He is a frequent speaker at regional and national benefit programs. Mr. Matthews also authored and taught Course 6 of the American Institute of CPAs' "Compensation and Benefits" in the Tax Certificate Program.



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Gregory is a graduate of the University of Tampa (mathematics) and completed his accounting and mathematical studies at Strayer University and American University, Washington, D.C.

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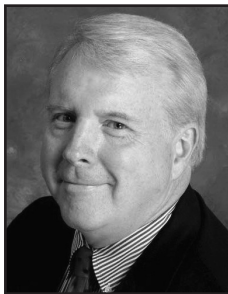


Caroline is a contributing author of the 16th edition of *The Tools & Techniques of Estate Planning* by Stephan Leimberg and previously has been published on [Wealth Management.com](http://WealthManagement.com).

Prior to joining John Hancock, Caroline was in private practice in the Boston area where she concentrated her practice on estate planning, probate, business succession planning, and charitable planning for moderate and high net worth individuals and companies.

Caroline received her Bachelor of Arts degree, *magna cum laude*, in History from Colby College in Waterville, Maine, and her Juris Doctor degree *cum laude* from Suffolk University Law School, Boston, Massachusetts. While at Suffolk Law, she was a member of the Law Review and was published in the Suffolk University Law Review. Upon receiving her J.D., Caroline spent one year clerking for the Honorable Chief Justice Paul Suttell of the Rhode Island Supreme Court.

Jonathan Neal



Jonathan Neal has more than thirty years of experience in the retirement planning industry dealing directly with seniors. He writes both public and industry related articles on retirement planning issues and products that are primarily focused on the senior marketplace. In April 2009 his book "Reverse Mortgages – What Every Financial Advisor Should Know" was released. This book tackles the complexities of reverse mortgages and the various perceptions that seniors, financial and insurance advisors, and mortgage brokers are presently dealing with.

Over the years his articles have introduced some unique ideas and tools designed to help seniors better understand different insurance and investing concepts, such as The LTC Calculator, which is a tool that helps LTCi representatives and seniors work together to find a realistic daily LTCi coverage needs. Another example is the premium versus cost formula he developed in order to provide advisors with an functional mathematical formula to provide seniors with realistic quantified numbers based on their individual situation to help them understand not only what it would take to fund a LTCi policy, but also identify where those funds can be found in their present portfolio.

In addition to his articles, he has written twenty-five continuing education courses that have been approved by various state insurance departments, which include but are not limited to the following: Basic Long-Term Care, Long-Term Care, The History of Long-Term Care in the United States,

Service Providers for Long-Term Care Patients, The Stats, Facts & Myths of Long-Term Care Planning, Funding Long-Term Care Annuities, Long-Term Care Annuities, Life Long-Term Care, Fixed Annuities, Immediate Annuities, Basic Variable Annuities, The Fundamentals of Long-Term Care Policies, Professional Ethics, Retirement Planning, IRA Fundamentals, Stretch IRA Concepts, Retirement Plans, and Reverse Mortgages.

John L. Olsen, CLU, ChFC, AEP



John Olsen is a financial and estate planner practicing in St. Louis County, Missouri. He has been active in the financial services industry for more than forty years. John is a past President of the St. Louis chapter of the National Association of Insurance and Financial Advisors, a current Board member of the St. Louis chapter of the Society of Financial Service Professionals, and the current Vice President of the St. Louis Estate Planning Council.

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David Pratt

David Pratt was born in England and received a law degree from Oxford University. He worked for law firms in London and Cleveland before moving to Albany, New York. In Albany, he practiced with a law firm and two accounting firms before joining the faculty of Albany Law School in 1994. He continues to advise clients and serves as an expert witness on employee benefits issues.

He has written numerous articles on employee compensation and benefits topics, and is a Senior Editor of the *Journal of Pension Benefits* and a fellow of the American College of Employee Benefits Counsel. He is the author of *The Social Security and Medicare Answer Book* and the coauthor of *Pension and Employee Benefit Law*, 5th edition (with John Langbein and Susan Stabile), *Taxation of Distributions from Qualified Plans* (with Dianne Bennett and others) and *ERISA and Employee Benefit Law: the Essentials* (with Sharon Reese, ABA Publications).



Louis R. Richey, J.D.



Lou Richey is recognized as an experienced executive and employee benefits attorney and consultant, with special expertise on 409A nonqualified deferred compensation plans and other retirement plans. He has over 30 years of experience in executive and employee benefits compensation consulting, planning and insurance for Fortune 1000 public companies as well as closely-held and tax-exempt organizations and their employees. He is also the founder of the Retirement Plans Nexus, an organization that designs and implements retirement & benefit plans for companies.

Currently Mr. Richey serves as Senior Vice-President with Infosys McCamish Systems LLC, located in Atlanta, Georgia. Infosys McCamish Systems is one of the nation's leading providers of outsourced administrative and other back-office support services for life insurance carriers, and other major financial services organizations. Mr. Richey helps lead the McCamish Retirement Services Group and is the legal & content expert for all of Infosys McCamish's executive, employee and qualified and nonqualified pension benefit web-based marketing, design and plan administration platforms.

At earlier points in his career, Mr. Richey served as a senior marketing officer, or technical compensation & senior consultant with employers like American Express Company, the General American Life Insurance Company, William M. Mercer, Magner Network & several offices of the Management Compensation Group (MCG) and M Group.

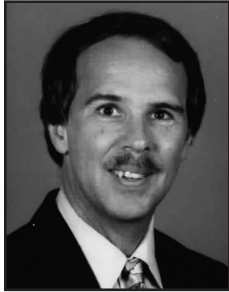
Lou is a graduate of Wabash College in Indiana, a cum laude graduate of the Indiana University Law School and is a member of the Indiana & Georgia Bars as well as the Federal Bar. He is currently a member of the BNA & The National Underwriter Editorial Advisory Boards and has served on the editorial advisory boards of several other major industry publications. He is also a retired Chairman of the Board of Visitors of the Indiana University Law School, Indianapolis. He has been named a Kentucky Colonel and an Arkansas Traveler in recognition of his professional contributions to the legal profession.

Mr. Richey lectures widely on the impact and implications of 409A, executive and employee benefit topics, retirement planning, financial services marketing, insurance, and financial planning, including major conferences and institutes such as the New York University Federal Tax Institute, the Southwest Federal Tax Conference, the Notre Dame Estate Planning Institute, the American Society of Actuaries Annual Conference, the LIMRA Advance Marketing Conference, the NACD and a host of other professional services conferences and local meetings.

Mr. Richey's comments have appeared in Business Week, The Wall Street Journal, Forbe's Magazine, and Investor's Daily, and he has appeared on the Financial News Network for National Public Radio. He has authored or co-authored a number of books, and BNA portfolios, plus more than 300 articles, audios and videos on compensation and tax topics.

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Jeff Sadler



Jeff Sadler began his career as an underwriter in the disability income brokerage division of the Paul Revere Life Insurance Company following his graduation from the University of Vermont in 1975. Disability income and long-term care insurance have been the primary focus of his career, leading to the founding of Sadler Disability Services, Inc. with his father, Raymond Sadler, in 1989.

Over the last several years, Mr. Sadler has authored a number of insurance books, including *The Long Term Care Handbook* (1996, 1998 and 2003), *How To Sell Long Term Care Insurance* (2001 and 2006), *Disability Income: The Sale, The Product, The Market* (1991 and 1995), *How To Sell Disability Income* (2005), and *The Managed Care and Group Health Handbook* (1997), all published by the National Underwriter Company. Other books by Mr. Sadler include *Business Disability Income* (1993) and *Understanding LTC Insurance* (1992).

He has been very active in the industry, currently serving as the Chair of the National Association of Health Underwriters' Long-Term Care Advisory Group. He is a past president of the Central Florida Association of Health Underwriters, the Gulf Coast Health Underwriters, the Florida Association of Health Underwriters, and the Central Florida General Agents and Managers Association. He is a past winner of the Stanley Greenspun Health Insurance Person of the Year Award and the NAHU Distinguished Service Award.

Jamie Scott, J.D.

Jamie Scott serves as Chair of Cincinnati law firm Graydon Head's Employee Benefits and Executive Compensation Practice Group. He has worked with clients of all sizes to design and implement qualified retirement plans (including ESOPs), nonqualified deferred compensation plans, incentive compensation plans, and welfare benefit plans.

He also has significant experience in working with the Internal Revenue Service and Department of Labor on compliance issues. Mr. Scott has extensive estate planning experience, which enables him to advise clients on estate planning issues that arise when a large part of a client's estate consists of retirement plan assets. In 2010, he was named an "Ohio Super Lawyer" by Super Lawyers Magazine for his work in Employee Benefits/ERISA. Based on the grading and comments of his peers, Jamie is recognized with an AV Rating, the highest rating given to lawyers by Martindale-Hubbell.



Mr. Scott received his J.D. from Brigham Young University in 1983 and a B.B.A in Accounting from the University of Cincinnati in 1978. He is admitted to practice law in Ohio and Texas. He is member and former chair of the Cincinnati Bar Association, Employee Benefits Committee; Warren County Bar Association; ASPPA Benefits Council of Greater Cincinnati; Warren County MRDD Board Member; and member of the Lebanon City Schools Citizens Audit Advisory Committee.

Lou Shuntich, J.D., LL.M.

Lou Shuntich has a wealth of knowledge and expert advice to offer in the Advanced Planning arena. He earned his B.S. Cum Laude from Rider University, his J.D. from The College of William and Mary, and his LL.M. (in Taxation) from New York University. He is a Certified Retirement Counselor and is licensed for life, health, variable annuities, and Series 6 and 63.



He is the Associate Editor of the *Journal of Financial Service Professionals*. He previously served in the Law Department of Prudential-Financial as Vice President and Corporate Counsel specializing in business insurance, estate planning, and compensation planning. He also served as Senior Vice President, Advanced Planning for Lincoln Benefit Life Company.

He is a member of the Association for Advanced Life Underwriting Business Insurance and Estate Planning and Nonqualified Plans Broad Committees. He is past chairman of the American Council of Life Insurance Split Dollar Task Force and has served on the Life Underwriter Training Council's Content and Techniques Committee.

In addition, he is a member of the Speakers Bureau of the Society of Financial Service Professionals and the Speakers Bureau of the National Association of Estate Planners and Councils. He has appeared on the CNBC Power Lunch and Health and Lifestyles programs answering questions about retirement and estate planning. He has five published books on advanced marketing subjects, including *The Estate Planning Today Handbook*, *The Complete Guide to Compensation Planning With Life Insurance*, and *The Life Insurance Handbook*, all published by Marketplace, as well as *Key Life Insurance Model Agreements* and *The Next Step, Successfully Graduating To Life Insurance Advanced Markets*, both published by the National Underwriter Company.

He has also published multiple articles including those in the *Journal of Financial Service Professionals*, *AALU Quarterly Magazine*, *BrokersWorld Magazine* and *Life Insurance Selling*.

Robert Toth, J.D., ACEBC



Bob Toth is the Principal of the Law Office of Robert J. Toth, Jr., LLC, and has been practicing employee benefits law since 1983. His practice focuses on the design, administration, and distribution of financial products and services for retirement plans, particularly on complex fiduciary and prohibited transaction issues, annuities in deferred compensation plans, and 403(b) plans. Mr. Toth is a Fellow of American College of Employee Benefits Counsel and is on the faculty of ALI-ABA Advance Law of Pensions. In addition, he managed the legal affairs of Lincoln Financial Group's retirement plan business. Mr. Toth is also an Adjunct Professor at John Marshall Law School where he teaches 403(b) and 457 plan courses.

Mr. Toth coauthored Thompson Publishing's *403(b) and 457 Technical Requirements Handbook* and is a contributing author to Aspen Publishing's *403(b) Answer Book*. He is also Chair of ASPPA's IRS Governmental Affairs Sub-Committee and writes on current employee benefits issues at the *businessofbenefits.com*, where more on his background, publications, and presentations can be found.

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William J. Wagner is a Senior Editor with Forefield, Inc., a provider of Web-based applications that facilitate the communication of financial planning knowledge and advice between financial institutions, their advisors, and their customers.

Mr. Wagner is the author of the *Ultimate IRA Resource* (including the IRA Calculator) and the *Ultimate Trust Resource* (including the Trust Calculator). Previously, he was a Senior Associate Editor of *Tax Facts on Insurance & Employee Benefits*, *Tax Facts on Investments*, and *Tax Facts News*, all published by The National Underwriter Company.

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She is the cochair of the Fiduciary Duties Committee of the ABA Section on Labor and Employment Law's subcommittee on Employee Benefits. She has served on various task forces including Governor Cuomo's Task Force on Pension Fund Investments. She has worked on pension fund reform in Ontario and South Africa. She currently teaches law and dispute resolution at Western Carolina University.

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Mr. Zipse has written numerous articles on trust taxation, estate planning, and business succession planning, which have appeared in the *Journal of Financial Service Professionals*, *BrokerWorld*, *Estate Planning*, *Life Insurance Selling*, *LAN*, and the National Underwriter news magazines. He is coauthor with Stephan R. Leimberg of *Tools and Techniques of Charitable Planning*. He has also been a frequent lecturer at industry meetings, including AALU, International Forum, Million Dollar Round

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he has provided trust, tax and philanthropic financial planning advice to over 4,000 attorneys and 7,000 financial planners in all 50 states regarding more than 14,000 charitable remainder trusts, more than 800 charitable lead trusts, and numerous foundations, charitable gift annuities and donor-advised funds. Baker's advice has helped advisors close cases for their high net worth clients in the areas of charitable, investment, retirement, gift, estate and tax planning. Baker is currently an Advisory Board Member of the Chartered Advisor in Philanthropy designation at the American College, member of the Financial Planning Association, National Committee on Planned Giving and the Indiana Bar. Baker was previously VP, Charitable Fiduciary Risk Manager for the Merrill Lynch Center for Philanthropy & Nonprofit Management in Princeton, NJ. Baker speaks at national and local conferences for professional advisors, high net worth clients and charities regarding charitable gift planning, asset-allocation, investment modeling and tax issues.

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Martin A. Silfen, Esq., is an attorney and author with twenty-five years of practice in the areas of retirement planning and estate planning. Mr. Silfen was senior partner in the law firm of Silfen, Segal, Fryer & Shuster, P.C. in Atlanta. He is currently Senior Vice President of Brown Brothers Harriman Trust Company, New York, New York. Mr. Silfen is a nationally recognized expert in retirement tax planning, having authored *The Retirement Plan Distribution Advisor* and served as Retirement Planning columnist for *Personal Financial Planning*. He has also authored several articles for *Estate Planning*.

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Kelly has edited and contributed to numerous books and publications including the *Personal Auto Insurance Policy Coverage Guide*, *Cyberliability and Insurance*, *The National Underwriter Sales Essentials Series*, and *The Tools and Techniques of Risk Management for Financial Planners*.

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ABBREVIATIONS

Acq. (Nonacq.)	Commissioner's acquiescence (nonacquiescence) in decision
AFTR	American Federal Tax Reports (Research Institute of America, early decisions)
AFTR2d	American Federal Tax Reports (Research Institute of America, second series)
AJCA 2004	American Jobs Creation Act of 2004
ARRA 2009	American Recovery and Reinvestment Act of 2009
ATRA 2012	American Taxpayer Relief Act of 2012
BTA	Board of Tax Appeals decisions (now Tax Court)
BTA Memo	Board of Tax Appeals memorandum decisions
CA or -- Cir.	United States Court of Appeals
CB	Cumulative Bulletin of Internal Revenue Service
CCA	Chief Counsel Advice
Cl. Ct.	U.S. Claims Court (designated U.S. Court of Federal Claims in 1992)
CLASS Act	Community Living Assistance Services and Support Act
COBRA	Consolidated Omnibus Budget Reconciliation Act of 1985
CRTRA 2000	Community Renewal Tax Relief Act of 2000
Ct. Cl.	Court of Claims (designated U.S. Claims Court in 1982)
DOL Adv. Op.	Department of Labor Advisory Opinion
EGTRRA 2001	Economic Growth and Tax Relief Reconciliation Act of 2001
EIEA 2008	Energy Improvement and Extension Act of 2008
ERISA	Employee Retirement Income Security Act of 1974
ERTA	Economic Recovery Tax Act of 1981
Fed.	Federal Reporter (early decisions)
Fed. Cl.	U.S. Court of Federal Claims
Fed. Reg.	Federal Register
F.2d	Federal Reporter, second series (later decisions of U.S. Court of Appeals to Mid-1993)
F.3rd	Federal Reporter, third series (decisions of U.S. Court of Appeals since Mid-1993)
F. Supp.	Federal Supplement (decisions of U.S. District Courts)
FSA	Field Service Advice
FSA	Flexible spending account
FTE	Full-time equivalent employee
GCM	General Counsel Memorandum (IRS)
HCE	Highly compensated employee
HIPAA '96	Health Insurance Portability and Accountability Act
HHS	The Department of Health and Human Services
HRA	Health Reimbursement Account
HSA	Health Savings Account
IR	Internal Revenue News Release
HIREA (2010)	Hiring Incentives to Restore Employment Act
IRB	Internal Revenue Bulletin of Internal Revenue Service
IRC	Internal Revenue Code
IRS	Internal Revenue Service
IRSRA '98	IRS Restructuring and Reform Act of 1998
IT	Income Tax Ruling Series (IRS)
ITCA	Installment Tax Correction Act of 2000
JCWAA	Job Creation and Worker Assistance Act of 2002
JGTRRA 2003	Jobs and Growth Tax Relief Reconciliation Act of 2003
KETRA 2005	Katrina Emergency Tax Relief Act of 2005

Let. Rul.	Letter Ruling (issued by IRS)
MERP	Medical Expense Reimbursement Plan
MFDR 2007	Mortgage Forgiveness Debt Relief Act of 2007
MHPAEA	Mental Health Parity and Addiction Equity Act
MSA	Archer medical savings account
NHCE	Non highly compensated employee
NMHPA	Newborns' and Mothers' Health Protection Act
OBRA	Omnibus Budget Reconciliation Act of (year of enactment)
P.L.	Public Law
PLR	Private Letter Ruling
P&PS Rept.	Pension and Profit Sharing Report (Prentice-Hall)
PBGC	Pension Benefit Guaranty Corporation
PFEA 2004	Pension Funding Equity Act of 2004
PHSA	Public Health Service Act
PPA 2006	Pension Protection Act of 2006
PPACA	Patient Protection and Affordable Care Act
Prop. Reg.	Proposed Regulation
PTE	Prohibited Transaction Exemption
REA '84	Retirement Equity Act of 1984
Rev. Proc.	Revenue Procedure (issued by IRS)
Rev. Rul.	Revenue Ruling (issued by IRS)
SBJPA '96	Small Business Job Protection Act of 1996
SBWOTA 2007	Small Business and Work Opportunity Tax Act of 2007
SCA	IRS Service Center Advice
TAM	Technical Advice Memorandum (IRS)
TAMRA '88	Technical and Miscellaneous Revenue Act of 1988
TC	Tax Court (official reports)
TC Memo	Tax Court memorandum decisions (official reports)
TC Summary Opinion	Tax Court Summary Opinion
TD	Treasury Decision
TEAMTRA 2008	Tax Extenders and Alternative Minimum Tax Relief Act of 2008
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982
Temp. Reg.	Temporary Regulation
TIPA 2007	Tax Increase Prevention Act of 2007
TIPRA 2005	Tax Increase Prevention and Reconciliation Act of 2005
TIR	Technical Information Release (from the IRS)
TRA	Tax Reform Act of (year of enactment)
TRA '97	Taxpayer Relief Act of 1997
TRA 2010	Tax Relief Act of 2010
TRHCA 2006	Tax Relief and Health Care Act of 2006
TTCA 2007	Tax Technical Corrections Act of 2007
URAA '94	Uruguay Round Agreements Act of 1994
US	United States Supreme Court decisions
USERRA '94	Uniformed Services Employment and Reemployment Rights Act of 1994
USTC	United States Tax Cases (Commerce Clearing House)
VTTRA 2001	Victims of Terrorism Tax Relief Act of 2001
WFTRA 2004	Working Families Tax Relief Act of 2004
WHBAA 2009	Worker, Homeownership, and Business Assistance Act of 2009
WHCRA	Women's Health and Cancer Rights Act
WRERA 2008	Worker, Retiree, and Employer Recovery Act of 2008

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2015 TAX FACTS ON INSURANCE & EMPLOYEE BENEFITS – VOLUME 1 COMPLETE LIST OF QUESTIONS

PART I: LIFE INSURANCE

In General

1. What is life insurance?

Premiums

2. Are premiums paid on personal life insurance deductible for income tax purposes?
3. Can a taxpayer deduct interest paid on a loan to purchase or carry a life insurance, endowment, or annuity contract?
4. Are there any exceptions to the rule that disallows a deduction for interest paid on a loan to purchase or carry a life insurance, endowment or annuity contract?
5. How is a systematic plan of borrowing to buy life insurance treated?
6. Can the rules that disallow a deduction for interest paid on a loan to purchase or carry a life insurance, endowment or annuity contract be avoided by having one spouse use funds borrowed by the other spouse?
7. Is the interest increment earned on prepaid life insurance premiums taxable income?

Cash Value Increases

8. Are annual increases in the cash surrender value of a life insurance policy taxable income to the policyholder?
9. Is the owner of a limited-pay life insurance policy liable for any tax when the policy becomes paid-up?

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10. What are the rules for taxing living proceeds received under life insurance policies and endowment contracts?
11. How are cash distributions received as a result of changes in the benefits of a life insurance contracts taxed?
12. How are policy loans under life insurance policies and endowment contracts treated?
13. For tax purposes, what is a life insurance policy that is classified as a modified endowment contract (MEC)?
14. What is the “seven pay test” and how does it apply to a modified endowment contract (MEC)?
15. How are distributions from modified endowment contracts (MECs) taxed?
16. Which life insurance contracts are subject to the seven pay test?

- 17. How will material changes in the benefits or terms of a life insurance contract be treated for purposes of the seven pay test?
- 18. Are MEC dividends “amounts received under the contract”?
- 19. Is the exchange of a life insurance policy under IRC Section 1035 subject to the seven pay test?
- 20. How can life insurance companies correct failures to comply with the modified endowment contract (MEC) rules?

Interest-Only Options

- 21. What are the tax consequences of leaving life insurance cash surrender values or endowment maturity proceeds with the insurer under the interest-only option?

Dividends

- 22. Are dividends payable on a participating life insurance policy taxable income?
- 23. Is interest earned on life insurance dividend accumulations currently taxable to the policyholder?
- 24. What is the tax treatment of life insurance dividends when endowment maturity values or cash surrender values are paid in installments or as a life income?
- 25. What are the tax results when life insurance or endowment dividends are used to purchase paid-up insurance additions?
- 26. Are dividends that are credited to a paid-up life insurance or endowment policy taxable income?
- 27. If accumulated or post-mortem life insurance dividends are received by a deceased insured’s beneficiary, are they taxable income to the beneficiary?
- 28. When life insurance death proceeds are held under a settlement option, are excess interest dividends taxable to the beneficiary?

Policy Loans

- 29. Are life insurance policy loans taxable?
- 30. Can a life insurance policy owner take an income tax deduction for the interest he or she pays on a policy loan?
- 31. Are there any exceptions to the rule that interest paid on a policy loan is nondeductible for key-person policies?
- 32. How is interest expense allocated to life insurance policy cash values?
- 33. Are there any exceptions to the general rule of nondeductibility of policy loan interest for unborrowed policy cash values?
- 34. What are the general interest deduction rules?
- 35. If the beneficiary of life insurance pays the interest on a policy loan, is this a gift to the insured?

COMPLETE LIST OF QUESTIONS

Disposition: Sale or Purchase of a Contract

- 36. What are the income tax consequences to the owner of a life insurance or endowment contract who sells the contract, such as in a life settlement?
- 37. How is gain on the surrender of a cash value life insurance policy calculated after 2008?
- 38. How is gain on the sale of a cash value life insurance policy calculated after 2008?
- 39. How is gain on the sale of a term life insurance policy calculated after 2008?
- 40. How is gain on the sale or surrender of a life insurance policy before 2009 calculated?
- 41. Will the owner of a life insurance policy recognize a loss when the policy is sold for its cash surrender value?
- 42. What are the tax results if a life insurance policy is sold subject to a nonrecourse loan?
- 43. How is the purchaser of a life insurance or endowment contract taxed?

Disposition: Policy Exchanges

- 44. Does tax liability arise when a policyholder exchanges one life insurance contract for another one?
- 45. Is there any tax liability when a policyholder exchanges a life insurance policy insuring one life for a policy insuring two lives?
- 46. Is there any tax liability when a joint and last survivor policy is exchanged for a single life policy on the surviving insured?
- 47. Is there any tax liability when a whole life policy subject to indebtedness is exchanged for a new policy subject to the same indebtedness?
- 48. Is there any tax liability when two individual policies are exchanged for two interests in a group universal life policy?
- 49. Is the exchange of life insurance policies for annuities a tax-free exchange?
- 50. Does the substitution of one insured for another qualify as a tax-free exchange?

Disposition: Surrender, Redemption, or Maturity

- 51. What are the income tax consequences when the owner of a life insurance or endowment contract takes the lifetime maturity proceeds or cash surrender value in a one sum cash payment?
- 52. If a life insurance policyholder elects to receive endowment maturity proceeds or cash surrender values under a life income or installment option, is the gain on the policy taxable to the policyholder in the year of maturity or in the year of surrender?
- 53. Can tax on the gain at maturity of an endowment contract be postponed?

Accelerated Death Benefit

- 54. What is the income tax treatment of an accelerated death benefit payment from a life insurance contract?
- 55. Are there any special rules that apply to chronically ill insureds?

56. Are there any exceptions to the general rule of non-includability for accelerated death benefits?

Viatical Settlement

57. What is the income tax treatment of an amount received from a viatical settlement provider?

58. Are there special rules regarding the income tax treatment of an amount received by a chronically ill insured from a viatical settlement provider?

59. Are there any exceptions to the general rule that viatical settlements are not included as taxable income?

Withholding

60. Are amounts received as living proceeds of life insurance and endowment contracts subject to withholding?

Loss

61. Does the surrender or sale of a life insurance or endowment contract ever result in a deductible loss?

Death Proceeds

In General

62. Are life insurance proceeds payable by reason of the insured's death taxable income to the beneficiary?

63. Is the death benefit under the double indemnity clause of a life insurance policy subject to federal income tax?

64. What is a "life insurance contract" for purposes of the death benefit exclusion for contracts issued after December 31, 1984?

65. How is the cash value accumulation test met?

66. How is the guideline premium and cash value corridor test met?

67. What is a "life insurance contract" for purposes of the death benefit exclusion for policies issued before January 1, 1985?

68. How are proceeds taxed if a life insurance policy is owned by someone other than the insured?

Interest Option

69. If life insurance death proceeds are left on deposit with the insurance company under an interest-only option, is the interest taxable income to the beneficiary?

Life Income and Installment Options

70. If excludable death proceeds are held by an insurer and are paid under a life income or installment option, how are the payments treated for income tax purposes?

71. What are the tax consequences of changing the method of receiving the proceeds of a life insurance policy?

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Transferred Policy

72. Are death proceeds wholly tax-exempt if an existing life insurance policy is sold or otherwise transferred for valuable consideration?
73. Are death proceeds of life insurance wholly tax-exempt if the policy has been transferred as a gift?
74. Will the transfer of a life insurance policy between spouses result in loss of the tax exemption for the death proceeds?

Estate Tax Issues

75. What benefits payable at death are included in the term “life insurance” for estate tax purposes?
76. When are death proceeds of life insurance includable in an insured’s gross estate?
77. If life insurance proceeds are payable to an insured’s estate, is the value of the proceeds includable in the insured’s estate?
78. When are life insurance proceeds includable in an insured’s gross estate even though the insured has no incident of ownership in the policy and the proceeds are not payable to the insured’s estate?
79. Are the proceeds from life insurance taken out to pay an insured’s death taxes includable in the insured’s estate?
80. When are life insurance proceeds payable to a beneficiary other than the insured’s estate includable in the insured’s estate?
81. What are the incidents of ownership that will cause life insurance proceeds to be includable in the insured’s estate?
82. What are the incidents of ownership of employer-paid death benefits that would cause life insurance proceeds to be includable in the insured’s estate?
83. If an insured holds incidents of ownership at death as a fiduciary or by reason of a retained right to remove a trustee and appoint another, will the life insurance proceeds be includable in the insured’s estate?
84. If an insured possesses incidents of ownership at death as a fiduciary or by reason of a retained right to remove a trustee and appoint another, are there any situations in which the life insurance proceeds will not be includable in the insured’s estate?
85. Are life insurance proceeds includable in the insured’s estate if someone other than the insured took out the policy and owns it at the insured’s death?
86. Can an insured remove existing life insurance from the insured’s gross estate by an absolute assignment of the policy?
87. Can an insured remove existing life insurance from the insured’s gross estate by an absolute assignment of the policy but retaining a reversionary interest?
88. Are the general rules for including life insurance proceeds in the insured’s gross estate applicable to proceeds payable under a qualified pension or profit-sharing plan?

89. May a life insurance beneficiary be required to pay estate tax attributable to death proceeds?
90. May a life insurance beneficiary make a qualified disclaimer of an amount equal to the beneficiary's proportionate share of death taxes when the decedent directed that death taxes be paid entirely out of the probate estate?
91. When are death proceeds of life insurance that were given away by an insured within three years of the insured's death includable in the insured's gross estate?
92. Is life insurance owned by a corporation on its majority shareholder included in the shareholder's estate when the shareholder divested an interest in the corporation within three years of death?
93. Are there any situations in which death proceeds of life insurance that were given away by an insured within three years of the insured's death are not included in the insured's gross estate?
94. If a donor dies within three years of making a gift of a life insurance policy the donor owned on the life of another, is the value of the policy includable in the donor's gross estate?
95. If an employer provides, under a nonqualified agreement or plan, an income benefit only for certain survivors designated by family or marital relationship to the employee, how is the benefit treated for estate tax purposes in the employee's estate?
96. Is the value of a survivor benefit payable by an employer under a nonqualified salary continuation or deferred compensation agreement includable in the employee's gross estate?
97. When is the value of a survivor benefit payable by an employer under a nonqualified salary continuation or deferred compensation agreement excludable from the employee's gross estate?

Generation-Skipping Transfer Tax Issues

98. Can arrangements for payment of the proceeds of life insurance and annuity contracts attract the generation-skipping transfer tax?
99. Can the transfer to an irrevocable life insurance trust of an amount used to make premium payments qualify for the generation-skipping transfer tax annual exclusion?
100. How can the generation-skipping transfer (GST) tax exemption be leveraged using an irrevocable life insurance trust?

Divorce

101. What are the income tax results when an individual transfers an existing life insurance policy to or purchases a policy for the individual's former spouse in connection with a divorce settlement?
102. What is the tax treatment of other transfers of an existing life insurance policy in connection with a divorce settlement to which the nonrecognition rules do not apply?
103. What is the tax treatment when an existing life insurance policy is owned and maintained by a former spouse?

COMPLETE LIST OF QUESTIONS

104. If an individual is required by a court decree or separation agreement to pay premiums on a life insurance policy for a former spouse, are the premiums taxable income to the recipient spouse? Are they deductible by the payor spouse?

Estate Tax Issues

105. If life insurance proceeds are required under the terms of a property settlement agreement or a divorce decree to be paid to certain beneficiaries, are the proceeds includable in the insured's estate?

106. When life insurance proceeds are required under the terms of a property settlement agreement or a divorce decree to be paid to certain beneficiaries, is an offsetting deduction allowable?

107. Is the deduction under IRC Section 2053(a)(3) considered a claim against the insured's estate?

108. Is a deduction under IRC Section 2053(a)(4) considered a debt against the insured's estate?

Gifts and Charitable Gifts

109. If a taxpayer gives a spouse a life insurance policy, is the taxpayer entitled to a gift tax marital deduction?

110. If a primary beneficiary of life insurance proceeds payable under a settlement option has the power to withdraw part of the proceeds, does the beneficiary's failure to exercise the power constitute a taxable gift to contingent beneficiaries?

111. How are split-dollar life insurance arrangements treated for gift tax purposes?

112. What is the advantage of the "split-gift" law where either a husband or wife gives a life insurance, endowment, or annuity contract to a third person?

113. Does an employee covered under a survivor income benefit plan make a gift of the survivor benefit for federal gift tax purposes?

114. How are life insurance policies and endowment contracts valued for gift tax purposes?

115. May a charitable contribution deduction be taken for the gift of a life insurance policy or premium? May a charitable contribution deduction be taken for the gift of a maturing annuity or endowment contract?

116. May a charitable contribution deduction be taken for a gift of an interest in a split-dollar arrangement?

117. Are there any exceptions to the disallowance rule for transfers of charitable gift annuity contracts?

118. Are there any penalties that can be imposed upon a charitable institution in connection with a gift of life insurance where a deduction is not allowable?

119. May a charitable contribution deduction be taken for a gift of a life insurance policy if the donor retains a right, shared with the donee charity, to change charitable beneficiaries?

120. May a charitable contribution deduction be taken for a gift of the annuity portion of a split-life contract?

121. If life insurance proceeds are payable to a religious, charitable, or educational organization, is their value taxable in the insured's gross estate?

122. Are gifts of life insurance to charitable organizations subject to gift tax?

Single Premium Whole Life Insurance Policy

123. How are single premium life insurance policies, including single premium variable life insurance policies, taxed?

Creditor Insurance

124. If a debtor pays premiums on a life insurance policy on his or her life in favor of his or her creditor, may the debtor take an income tax deduction for these premium payments?

125. Can a creditor deduct premiums paid on life insurance purchased on the life of the creditor's debtor?

126. If a creditor pays premiums on a life insurance policy held as collateral for a business debt, can the creditor claim an income tax deduction for the premium payments?

127. If a creditor pays premiums on a life insurance policy securing a non-business debt, can the creditor deduct the premium payments?

128. If a stockholder's personal life insurance is used as collateral security for the corporation's debt, are the premiums deductible?

Bad Debt Deduction

129. May a creditor take a bad debt deduction for a worthless debt even though the creditor holds an insurance policy on the life of the debtor as collateral?

Proceeds

130. Are proceeds received by a creditor from insurance purchased on the life of the creditor's debtor exempt from income tax as life insurance proceeds?

131. Are life insurance proceeds received by a creditor as collateral assignee or beneficiary "as interest appears" exempt from income tax?

Estate Tax

132. If an insured assigns a life insurance policy as collateral for a loan, are the proceeds includable in the insured's gross estate?

133. If an insured assigns a life insurance policy in which his or her spouse is the named beneficiary, will the full amount of the proceeds qualify for the marital deduction?

Government Life Insurance

134. Are proceeds of government life insurance exempt from income tax?

Taxation of Distribution of Life Insurance Contract

135. If a qualified plan trust distributes a life insurance policy to an employee, is the value of the contract taxable to the employee in the year of distribution?

COMPLETE LIST OF QUESTIONS

Collection of Delinquent Income Taxes from Life Insurance

136. Can the federal government reach the cash value of a taxpayer's life insurance for collection of back income taxes?
137. Can the federal government collect an insured's delinquent income taxes from a beneficiary who receives life insurance death proceeds?

Policies Insuring More Than One Life

138. Does the income taxation of a life insurance policy that insures more than one life differ from the taxation of a policy that insures a single life?

Value of Unmatured Policy

139. How is the value of a life insurance policy determined for income tax purposes?

Demutualization

140. What is the tax treatment when shares of stock received in a demutualization are sold?

Life Insurance Trusts

141. When will a life insurance trust result in income tax savings for the grantor?
142. If income of an irrevocable funded life insurance trust is used to pay premiums on a policy insuring the grantor's life, is the income that is used taxable to the grantor?
143. Can a grantor create an irrevocable funded life insurance trust, carrying insurance on the grantor's spouse, without being taxed on trust income used for premium payments?
144. When is life insurance trust income taxable to some person other than the trust, grantor, or income beneficiary?
145. What income is taxable to a life insurance trust?
146. What income is taxable to the beneficiaries of a life insurance trust?
147. May the grantor of a life insurance trust take a deduction for interest paid by the trust on a policy loan when the policy is held by the trust?
148. Are death proceeds of life insurance taxable income if they are payable to a trust?

Gift Tax

149. Is there a gift for gift tax purposes when a grantor transfers a life insurance policy to an irrevocable trust in which the grantor has no interest?
150. If income-producing property is transferred to an irrevocable life insurance trust to fund premium payments, does the value of the property constitute a gift?
151. How is the gift tax value of a "reversionary interest trust" measured?
152. Does the transfer of a life insurance policy to an irrevocable trust for the benefit of the grantor's spouse qualify for the gift tax marital deduction?

153. If a grantor creates a revocable trust with a life insurance policy on the life of another person and names third parties as trust beneficiaries, is a gift made when the insured dies and the trust becomes irrevocable?

154. Does the gift of a life insurance policy in trust (or a gift of subsequent premiums) qualify for the gift tax annual exclusion?

155. Is the annual gift tax exclusion available when a life insurance policy is placed in an irrevocable trust for a minor beneficiary?

156. Do transfers to a trustee of an irrevocable life insurance trust of amounts to be used by the trustee to pay premiums qualify for the gift tax annual exclusion?

157. If the beneficiary of a Crummey trust allows the right to withdraw a contribution to the trust to go unexercised, when will the beneficiary be deemed to have made a transfer subject to gift or estate tax?

158. May dividends paid on a life insurance policy in trust be gifts of a present interest even though the policy itself was a gift of a future interest?

Life Insurance: Estate Tax Issues

159. When can a beneficiary of life insurance proceeds be held liable for payment of federal estate tax falling on the insured's estate?

Community (Marital) Property

160. How are proceeds of community property life insurance treated in the insured's estate?

161. How are proceeds of community property life insurance treated in the insured's estate in Louisiana?

162. When life insurance on the life of a spouse is bought with community funds and one of the spouses is designated the policy owner, is the policy community property or is it the separate property of the spouse designated as the owner?

163. What are the estate tax results in the insured's estate when life insurance premiums have been paid with both community and separate funds?

164. When can death proceeds of community property life insurance payable to someone other than the surviving spouse be includable in the surviving spouse's gross estate?

165. How is community property life insurance taxed when the spouse who is not the insured dies first?

Dividends

166. How are life insurance paid-up additions purchased with dividends treated for estate tax purposes?

167. What rules are applicable to including life insurance accumulated and post-mortem dividends in an insured's estate?

Double Indemnity

168. Are life insurance proceeds paid under a double-indemnity clause includable in an insured's gross estate?

COMPLETE LIST OF QUESTIONS

Government Life Insurance

169. Are proceeds of life insurance issued under U.S. government programs includable in the insured's estate?

Group Life Insurance

170. Are the proceeds of group term life insurance available through an employer includable in an insured's estate?

171. If an employee assigns his or her incidents of ownership in group term life insurance, are the proceeds includable in the employee's estate?

172. Is an assignment of group term life insurance within three years before the death of an employee includable in the employee's gross estate?

Life Insurance Trusts

173. If a grantor creates a revocable life insurance trust with a policy on the grantor's life, will the proceeds be includable in his or her estate?

174. If policies on an insured's life are placed in an irrevocable life insurance trust, are the proceeds includable in his estate?

175. When are death proceeds includable in the estate of a life income beneficiary of a life insurance trust?

176. If an income beneficiary has the power to invade the corpus of a trust, will the value of the trust assets over which the income beneficiary has the power be includable in the income beneficiary's gross estate upon the income beneficiary's death?

177. Are life insurance proceeds includable in an insured's estate if they are payable to an irrevocable trust and the trustee has the power to use them for payment of the insured's estate debts and death taxes?

178. If a grantor funds his or her life insurance trust by transferring income-producing property to the trustee, is the value of the funding property includable in the grantor's gross estate?

179. If a grandparent creates a funded irrevocable life insurance trust with policies on the life of his or her child for the benefit of grandchildren, is anything includable in the grantor's gross estate?

180. How is a "reversionary interest trust" taxed under the estate tax law?

181. What is the reciprocal trust doctrine, and how does it affect life insurance trusts?

Loans on Life Insurance

182. Is a life insurance policy loan deductible as a claim against the estate?

Marital Deduction

183. May a trust intended to qualify for the marital deduction as a "power of appointment trust" authorize the trustee to retain or acquire life insurance policies?

184. May a trust intended to qualify for the marital deduction as qualified terminable interest property (QTIP) authorize the trustee to retain or acquire life insurance policies?

185. If a decedent directs his or her executor or a trustee to buy a nonrefundable life annuity for the decedent's surviving spouse, will the annuity qualify for the marital deduction?

186. When will life insurance or annuity proceeds payable to the surviving spouse qualify for the marital deduction?

187. Will life insurance or annuity proceeds qualify for the marital deduction if they are payable to the surviving spouse under a settlement option with the surviving spouse's estate designated as contingent beneficiary? What if they are payable to the surviving spouse as a straight life annuity?

188. Can life insurance settlements naming the spouse as primary beneficiary and other persons as contingent beneficiaries be arranged so that the proceeds qualify for the marital deduction?

189. What is a general power to appoint the proceeds of a life insurance policy for purposes of the marital deduction?

190. Does the use of a "delay clause" disqualify life insurance proceeds for the marital deduction?

191. Does a common disaster clause disqualify life insurance proceeds for the marital deduction?

192. Can operation of the Uniform Simultaneous Death Act result in loss of the marital deduction?

193. Can proceeds of community property life insurance passing to the surviving spouse qualify for the marital deduction?

Multiple-Life Life Insurance

194. Does estate taxation of a life insurance policy that insures more than one life differ from taxation of a policy that insures a single life?

Policyholder Other Than Insured

195. If a policy owner who is not the insured dies before the insured, is the value of the unma-tured life insurance policy included in the policy owner's gross estate?

Settlement Options – Beneficiary's Estate

196. If the insured elects a settlement option for the insured's primary beneficiary and names contingent beneficiaries, will the value of any unpaid life insurance proceeds be includable in the primary beneficiary's estate?

197. If the surviving income beneficiary dies possessing the power during his or her lifetime to appoint the life insurance proceeds only to his or her children, are the proceeds includable in the surviving income beneficiary's estate?

198. If life insurance proceeds are payable to the surviving spouse's estate, but remain unpaid at the primary beneficiary's death, is the money includable in the primary beneficiary's gross estate?

199. If an insured elects a settlement option naming contingent beneficiaries, but still gives the primary beneficiary power to withdraw proceeds, are life insurance proceeds remaining unpaid at the primary beneficiary's death includable in the primary beneficiary's estate?

COMPLETE LIST OF QUESTIONS

200. Can an insured give a primary beneficiary limited, noncumulative withdrawal rights without causing any remaining unpaid life insurance proceeds to be includable in the primary beneficiary's estate?

201. If the primary beneficiary is given the power to revoke contingent beneficiaries and appoint to his or her estate under a settlement option, are life insurance proceeds remaining unpaid at the primary beneficiary's death includable in his or her estate?

202. If a beneficiary elects the settlement option, are life insurance proceeds remaining unpaid at the beneficiary's death includable in his or her estate?

203. How are life insurance proceeds valued for an insured's estate tax return?

204. If the amount of life insurance proceeds collectible from the insurer is not determinable when the estate tax return is filed, what amount is reportable on the return?

Gift Tax Issues

205. Can gift tax be collected from the donee of a life insurance policy or proceeds?

206. Does gift taxation of a life insurance policy that insures more than one life differ from taxation of a policy that insures a single life?

207. Do premiums gratuitously paid on life insurance owned by and payable to another constitute gifts?

208. Do premiums paid by one of several beneficiaries of an irrevocable life insurance trust constitute gifts to the other beneficiaries?

209. If a life insurance policy is owned by someone other than the insured, is there a gift when the insured dies and the proceeds are paid to the owner's designated beneficiary?

Community Property

210. Does a taxable gift occur when a donor spouse assigns community property life insurance to a donee spouse?

211. If one spouse uses community property to purchase life insurance on either spouse's life and names a child as beneficiary, does the death of the insured spouse give rise to a taxable gift from the noninsured spouse?

Death-Benefit-Only Plans

212. Are death-benefit-only (DBO) plans subject to gift tax?

Gift Tax Annual Exclusion

213. May the annual exclusion of \$14,000 for gifts to each donee be applied against gifts of life insurance policies and premiums?

214. When is the gift of a life insurance policy considered the gift of a future interest that deprives the donor of the gift tax annual exclusion?

215. Is the annual exclusion available when an insured transfers ownership of a life insurance policy to two or more donees jointly?

216. Will the gift of a life insurance policy fail to qualify for the annual exclusion merely because the policy has no cash value?

217. Does the outright gift of a life insurance policy qualify for the gift tax annual exclusion, even if the gift is to a minor?

218. When a life insurance policy has been given away, are premiums subsequently paid by the donor gifts of a present interest qualifying for the annual exclusion or are they a future interest?

Gifts Within Three Years of Death

219. If an insured, within three years of his or her death, makes a gift of life insurance on which the insured pays a gift tax, is the gift also subject to estate tax?

Disability Provisions Under Life Policies

220. Are premiums paid for disability provisions under a life insurance policy deductible as medical expenses?

221. Is disability income payable under the provisions of a personal life insurance policy included in gross income?

222. Are life insurance premiums that have been waived because of the insured's disability taxable income to the insured?

223. If a corporation attaches a disability income rider to a key person life insurance policy, what are the tax consequences to the corporation and to the key person?

PART II: GROUP TERM LIFE INSURANCE

Group Term Life Insurance

In General

224. What are the tax benefits of employer provided group term life insurance?

225. What is group term life insurance?

226. Is supplemental life insurance coverage treated as group term life insurance?

227. Is term insurance provided to a group of fewer than ten employees "group" term insurance?

228. Are premiums paid for group term life insurance deductible business expenses?

229. Is the cost of group term life insurance coverage provided by an employer taxable income to an insured employee?

230. Is group term life insurance coverage on the lives of an employee's spouse and dependents taxable income to the employee?

231. Are there any exceptions to the general rule that limits the annual exclusion for term life insurance to \$50,000 per employee?

232. Must group term life insurance provide nondiscriminatory benefits? How is group term life insurance taxed if a plan is discriminatory?

COMPLETE LIST OF QUESTIONS

233. How is it determined whether a group term life insurance plan is discriminatory?

234. Is the cost of employer-provided group term life insurance subject to Social Security tax?

235. What information returns must an employer that maintains a group term life insurance plan file with respect to the plan?

Group Carve-Out Plan

236. If an employer provides life insurance under a group term life insurance policy, what are the advantages of a group carve-out plan to employees and to the employer?

Permanent Benefits

237. May any part of a benefit under a policy be treated as group term life insurance if the policy also provides permanent benefits? If so, what part?

238. What are the tax consequences of dividends paid to an employee under a policy that provides both permanent benefits and group term life insurance?

Retired Lives Reserves

239. What is a retired lives reserve? Is an employee taxed on employer contributions to such a reserve? May an employer deduct contributions to a reserve?

Group Permanent Insurance

240. Is the cost of group permanent life insurance paid by an employer taxable income to an insured employee?

241. Are premiums that an employer pays on group permanent life insurance for its employees deductible by the employer?

Death Benefits

242. Are death proceeds payable under group life insurance exempt from income tax?

Group Survivor Income Benefit

243. What is group survivor income benefit insurance?

PART III: BUSINESS LIFE INSURANCE

244. What is business life insurance?

Premiums

In General

245. Are premiums paid on business life insurance deductible as business expenses?

246. Are premiums paid on business life insurance taxable income to an insured?

Corporations and Stockholders: Deductibility

247. Can a corporation deduct premiums it pays on a policy insuring the life of an employee or stockholder?

248. If a stockholder pays premiums on insurance on the life of one of the corporation's officers and the corporation is beneficiary of the proceeds, may the stockholder deduct the premium payments as business expenses?

249. If a stockholder purchases insurance on the life of another stockholder to fund his or her obligations under a cross purchase plan, can the stockholder deduct the premiums he or she pays on the policy?

Corporations and Stockholders: Includable in Income

250. Where a key person life insurance policy is owned by and payable to an employer corporation, are premiums paid by the corporation taxable to the key person?

251. Are premiums paid by a corporation on life insurance to fund a stock redemption agreement taxable to an insured stockholder?

252. Are life insurance premiums paid by a corporate employer taxable income to an insured employee if proceeds are payable to the employee's estate or personal beneficiary and the policy is owned by the employee?

253. Are life insurance premiums paid by a corporate employer taxable income to an insured employee if proceeds are payable to the employee's estate or personal beneficiary and the policy is owned by the corporation?

254. If a corporation pays life insurance premiums on policies owned by stockholders and the policies are used to fund a cross purchase agreement, are premium payments taxable income to stockholders?

Corporations and Stockholders: Section 162 Bonus Plan

255. What is a Section 162 bonus plan and what are the income tax consequences to an employee and employer?

S Corporations

256. What are the tax consequences when an S corporation pays a premium on a life insurance policy insuring a shareholder or employee?

Partnerships and Partners

257. Are premiums deductible when paid by a partnership or by a partner for insurance on the life of a copartner?

258. What credit is available for small employers for employee health insurance expenses?

Sole Proprietorships

259. Is the value of employer-provided coverage under accident or health insurance taxable income to an employee?

260. What are the tax consequences of payments received by employees under employer-provided accident or health insurance?

COMPLETE LIST OF QUESTIONS

Deduction of Premiums Denied for Reasons Other Than Section 264(a)(1)

261. Are benefits provided under an employer's noninsured accident and health plan excludable from an employee's income?

Living Proceeds Received by a Corporation

262. How is a corporation taxed on payments under an annuity contract or on living proceeds from an endowment or life insurance contract?

Death Proceeds of Business Life Insurance In General

263. Are death proceeds of business life insurance exempt from income tax?

Proceeds Taxable Because of Transfer for Value

264. Will a sale or other transfer for value of an existing life insurance policy or any interest in a policy cause loss of income tax exemption for death proceeds?

265. What is a transfer for value of a life insurance policy or an interest in a policy?

266. Is the transfer of a life insurance policy subject to a nonrecourse loan a transfer for value that could cause the loss of tax-free treatment of the proceeds?

267. Can an existing life insurance policy be sold to the insured without loss of the income tax exemption for death proceeds?

268. Can an existing life insurance policy be transferred between two trusts, both of which were established by the insured, without loss of the income tax exemption for death proceeds?

269. If an employer or an employer's qualified plan sells or distributes a policy on an employee's life to an insured's spouse or to another member of an insured's family, will the transfer cause loss of the tax exemption for the death proceeds?

270. Will a policyholder's sale of his or her life insurance policy to a corporation result in a loss of the tax exemption for the death proceeds?

271. If a corporation sells or distributes a life insurance policy to a stockholder who is not the insured, will the transfer cause a loss of the tax exemption for the death proceeds?

272. Does a transfer for value problem arise when an insurance-funded stock redemption plan is changed to a cross-purchase plan, or vice versa?

273. Will a transfer of a life insurance policy by one stockholder to another, or by a stockholder's estate to a surviving stockholder, cause loss of the tax exemption for the proceeds?

274. Is there a loss of the income tax exemption for death proceeds following a transfer of life insurance policies between partners, between partners and their partnership, to a partner of the insured, or to a partnership in which the insured is a partner?

275. Is there a loss of the tax exemption for death proceeds after a life insurance policy is transferred to a corporation in a tax-free organization or reorganization?

Proceeds Taxable as Dividends or Compensation

276. When are death proceeds of life insurance taxable as dividends or compensation?

Proceeds Taxable Because of Lack of Insurable Interest

277. If a corporation takes out a life insurance policy on a person in whose life the corporation has no insurable interest, will death proceeds be exempt from income tax?

Proceeds as Restitution of Embezzled Funds

278. Where a life insurance policy is assigned to an employer in restitution of funds embezzled by an insured, are proceeds tax-exempt to the employer?

S Corporations

279. What are the tax consequences for death proceeds of a life insurance policy purchased by an S corporation?

Transfer of Policy

280. If an employer owns a policy on the life of an employee and sells the policy to the employee for its cash surrender value, can the sale result in taxable income to the employee or to the employer?

281. If an employee or stockholder sells a life insurance policy to the corporation for its cash surrender value, does the employee or stockholder realize a taxable gain?

282. What are the income tax consequences when a corporation transfers a life insurance policy to an employee or stockholder without consideration?

Stock Purchase Agreement

283. Will sale of a deceased's stock under a cross-purchase insurance-funded buy-sell agreement result in income tax liability to the deceased's estate?

284. What are the income tax consequences of funding a stock purchase agreement with life insurance?

285. If a corporation redeems all of its stock owned by a deceased stockholder's estate, will the amount paid by the corporation be taxed as a dividend distribution to the estate?

286. How can attribution of stock ownership among family members be avoided?

287. Can an executor avoid attribution of stock ownership from an estate beneficiary to the estate by distributing the beneficiary's legacy before the redemption of the estate-held stock?

288. What is a Section 303 stock redemption?

289. What conditions must be met for a stock redemption to qualify as a Section 303 stock redemption and thus obtain non-dividend treatment?

290. Does redemption under an insurance-funded stock redemption agreement result in capital gain to a deceased stockholder's estate?

291. If a close corporation redeems stock from a decedent's estate, is the amount paid for the stock taxable as a constructive dividend to the surviving stockholder or stockholders?

COMPLETE LIST OF QUESTIONS

292. What are the income tax consequences of funding a stock redemption agreement with life insurance?

Accumulated Earnings tax

293. Will the accumulated earnings tax be imposed where corporate earnings are used to purchase business life insurance?

S Corporations

294. How is gain realized by an S corporation on sale, surrender, or redemption of a life insurance or endowment policy taxed?

295. If an S corporation redeems a shareholder's stock, how are redemption payments taxed?

Sale or Liquidation of Partnership Interest

296. What are the income tax consequences when a deceased partner's interest is liquidated under a business purchase agreement?

297. What are the income tax consequences when a deceased partner's interest is sold under a business purchase agreement?

298. What are the income tax results of a partnership income continuation plan?

299. What is the tax treatment of life insurance purchased to fund a partnership business purchase agreement?

Alternative Minimum Tax

300. How is corporate-owned life insurance treated for purposes of the corporate alternative minimum tax?

Estate Tax Issues

Insurance on Key Persons, Partners, Stockholders

301. If a partnership purchases and owns life insurance on the life of a partner, are policy proceeds includable in the insured partner's estate?

302. If a corporation purchases life insurance on the life of a key person to indemnify it against loss on account of the key person's death, are proceeds includable in the insured's estate?

303. If partners or stockholders enter into a buy-sell agreement and each purchases life insurance on each other's lives to fund the agreement, are proceeds includable in an insured's gross estate?

304. If life insurance is owned by and payable to a partnership or corporation to fund purchase of an owner's business interest, are proceeds includable in the insured owner's estate?

305. How is a closely held business interest valued for federal estate tax purposes where there is a purchase agreement?

306. How is a closely held business interest valued for federal estate tax purposes where there is no purchase agreement?

Partnership Income Continuation

307. Will the value of payments to a deceased partner's spouse, under a partnership income continuation agreement, be includable in the partner's estate?

Split Dollar Insurance Plan

308. Are proceeds of life insurance under a split dollar plan or under a reverse split dollar plan includable in an insured's gross estate?

309. Are proceeds of life insurance under a split dollar plan or under a reverse split dollar plan includable in an insured's gross estate in the context of a non-employer-employee relationship?

310. Are proceeds of life insurance under a split dollar plan or under a reverse split dollar plan includable in an insured's gross estate in the context of an employer-employee relationship?

311. Are proceeds of life insurance under a split dollar plan or under a reverse split dollar plan includable in an insured's gross estate when a corporation owns split dollar insurance on the life of a controlling stockholder?

Gift Tax Issues

312. Does a life insurance funded buy-sell agreement fix the value of a business interest for gift tax purposes?

PART IV: HEALTH INSURANCE

Employer-Provided Health Insurance

Employer's Deduction

313. May an employer deduct as a business expense the cost of premiums paid for accident and health insurance for employees?

314. What credit is available for small employers for employee health insurance expenses?

Employee's Income Taxation

315. Is the value of employer-provided coverage under accident or health insurance taxable income to an employee?

316. How does health reform expand the income exclusion for adult children's coverage?

317. What are the tax consequences of payments received by employees under employer-provided accident or health insurance?

318. Are benefits provided under an employer's noninsured accident and health plan excludable from an employee's income?

319. What nondiscrimination requirements apply to employer provided health insurance plans?

320. What nondiscrimination requirements apply to self-insured health plans?

321. Who is a highly compensated individual for purposes of determining whether a health plan is discriminatory?

COMPLETE LIST OF QUESTIONS

- 322. What are the tax consequences for amounts paid by an employer to highly compensated employees under a discriminatory self-insured medical expense reimbursement plan?
- 323. Are premiums paid for personal health insurance deductible as medical expenses?
- 324. Are benefits received under a personal health insurance policy taxable income?
- 325. If benefits received for specific medical expenses exceed those expenses, must the excess be treated as reimbursement for other medical expenses?
- 326. What are domestic partner benefits and how are they taxed?

Stockholder-Employees, Self-Employed Individuals

- 327. How are accident or health benefits taxed if they are provided by a closely held C corporation only to its stockholder-employees?
- 328. How is health insurance coverage for partners and sole proprietors taxed?
- 329. How is health insurance coverage for S corporation shareholders taxed?

Health Reimbursement Arrangements

- 330. What is a Health Reimbursement Arrangement (“HRA”) and how is it taxed?

Withholding

- 331. Are wage continuation payments under an accident and health plan subject to withholding?

Social Security

- 332. Is employer-provided sick pay subject to Social Security and federal unemployment tax?

Information Return

- 333. Must an employer with an accident or health plan file an information return with respect to the plan?
- 334. What notices must an employer that maintains an accident or health plan provide to Medicare-eligible individuals?

COBRA Continuation Coverage Requirements

- 335. What are the coverage continuation or COBRA requirements that certain group health plans must meet?
- 336. What special rules apply to provide COBRA premium assistance under legislation enacted in 2009 and 2010?
- 337. Who is eligible for the temporary COBRA premium assistance made available under legislation enacted in 2009 and 2010?
- 338. What are the tax implications of any premium reductions under the COBRA premium assistance rules?
- 339. Are all employers subject to COBRA continuation coverage requirements?
- 340. What is a qualifying event for purposes of COBRA continuation coverage requirements?

341. Under what circumstances do employees serving in the military receive COBRA-like health insurance coverage continuation?

342. What is gross misconduct for the purposes of disqualifying an employee and the employee's beneficiaries from COBRA health insurance continuation requirements?

343. For how long must COBRA continuation coverage generally be provided?

344. What is the maximum required period of COBRA continuation coverage? Are there any exceptions to this required maximum period?

345. Who is a qualified beneficiary for purposes of COBRA continuation coverage requirements?

346. Who is a covered employee for purposes of the COBRA continuation coverage requirements? Who is a similarly situated non-COBRA beneficiary?

347. Who must pay the cost of COBRA continuation coverage and how is the cost calculated? What is the health coverage tax credit?

348. What is the Health Coverage Tax Credit?

349. When must an election to receive COBRA continuation coverage be made?

350. What notice of COBRA continuation coverage is required?

351. Which entity is responsible for providing COBRA continuation coverage following a business reorganization?

352. What are the consequences of breaching COBRA continuation coverage requirements?

Portability, Access, and Renewability Rules

353. What portability, access, renewability mental health parity and other coverage requirements must be satisfied by group health plans?

354. What are the rules concerning preexisting condition exclusions under HIPAA?

355. What are the rules concerning discrimination based on health status under HIPAA?

356. What are the GINA nondiscrimination rules for group health plans?

357. What is the HIPAA guaranteed renewability requirement?

358. What rules apply to group health plan benefits provided to newborns and mothers?

359. What penalties apply to a group health plan's failure to meet portability, access, and renewability requirements?

Health Benefits Under a Qualified Plan

360. May health benefits be provided for employees under qualified pension and profit sharing plans?

Disability Income Coverage

361. What are the tax consequences when a corporation buys disability insurance on a key person under which benefits are paid to the corporation?

COMPLETE LIST OF QUESTIONS

- 362. Are premiums paid for overhead expense insurance deductible as a business expense?
- 363. What are the tax consequences when disability insurance is purchased on the lives of business owners to fund a disability buy-out?
- 364. Can an employer deduct premiums paid for employer-provided disability income coverage?
- 365. How are benefits provided under an employer-provided disability income plan taxed?
- 366. Are premiums paid for personal disability income coverage tax deductible?
- 367. How are benefits provided under a personal disability income coverage plan taxed?
- 368. How are disability pension payments from a qualified pension or profit-sharing plan taxed?

Health and Medical Savings Accounts

In General

- 369. What is a Health Savings Account (HSA) and how can an HSA be established?
- 370. Who is an eligible individual for purposes of a Health Savings Account (HSA)?
- 371. What is a high deductible health plan for purposes of a Health Savings Account (HSA)?

Contributions

- 372. What are the limits on amounts contributed to a Health Savings Account (HSA)?
- 373. Must an employer offering Health Savings Accounts (HSAs) to its employees contribute the same amount for each employee?
- 374. Are there any exceptions to the general rule that an employer offering Health Savings Accounts (HSAs) to its employees must make comparable contributions for all comparable participating employees?
- 375. Do the comparability rules that apply to employer-provided health savings accounts (HSAs) apply to qualified HSA distributions (rollovers)?
- 376. What are the consequences if an employer does not meet the comparability requirements applicable to health savings accounts (HSAs)?
- 377. What is the tax consequence to individuals when excess contributions are made to a Health Savings Account (HSA)?
- 378. What is the result if a same sex couple contributed amounts to a Health Savings Account (HSA) that exceed the applicable contribution limit for married couples?

Distributions and Transfers

- 379. How are funds accumulated in a Health Savings Account (HSA) taxed prior to distribution?
- 380. How are amounts distributed from a Health Savings Account (HSA) taxed?
- 381. When may an account owner transfer or rollover funds into an HSA?
- 382. Can an individual's interest in a Health Savings Account (HSA) be transferred as part of a divorce or separation?

Death-Benefit-Only Plans

383. What happens to a Health Savings Account (HSA) on the death of an account holder? May a surviving spouse continue an account?

Social Security

384. Are amounts contributed to a Health Savings Account (HSA) subject to Social Security or federal unemployment taxes and federal income tax withholding?

Withholding and Reporting

385. Are employer contributions to a Health Savings Account (HSA) on behalf of an employee subject to withholding?

386. What tax reporting requirements apply to a Health Savings Account (HSA)?

Archer Medical Savings Account

387. What is an Archer Medical Savings Account (“MSA”) and how is it taxed?

Health Insurance and the Estate Tax

388. Is an accidental death benefit payable under a health insurance policy includable in an insured’s gross estate?

389. Are medical expense reimbursement insurance proceeds received by an insured decedent’s estate includable in the decedent’s gross estate?

Health Insurance and the Gift Tax

390. Is the gift tax exclusion for qualified transfers available for amounts paid for health insurance?

The Health Care Reform Law

391. What does health care reform do?

392. When does health care reform go into effect?

393. What kinds of health plans are governed by the PPACA, and what plans are not covered?

394. When does the new employer tax credit for purchases of health insurance become effective?

395. How much is the new employer tax credit for purchases of health insurance?

396. What employers are eligible for the new tax credit for health insurance, and how does it work?

397. How do the rules for obtaining the tax credit for health insurance change over the years?

398. What are the health insurance nondiscrimination rules? When are they effective? Are there any exceptions?

399. When is a health insurance plan discriminatory?

400. What are the consequences for violating the new health insurance nondiscrimination rules?

401. Are grandfathered health insurance plans exempt from nondiscrimination and all health care reform requirements?

402. How does health care reform apply to self-insured plans?

COMPLETE LIST OF QUESTIONS

- 403. How does health care reform apply to collectively bargained plans?
- 404. What is a grandfathered health plan?
- 405. What are the new protections offered to minor children and young adults by health care reform?
- 406. How does health care reform affect employer-provided plans, including health flexible spending arrangements, health reimbursement arrangements, health savings accounts, and Archer medical savings accounts, that pay for non-prescription medicines?
- 407. What are the new rules regarding reimbursement of non-prescription medicines?
- 408. What changes does the PPACA mandate that affect health FSAs?
- 409. Under the PPACA, can a health reimbursement arrangement (HRA) be integrated with health insurance coverage without violating the prohibition on plans that place annual dollar limits on available benefits?
- 410. How does the PPACA affect HSAs and Archer MSAs?
- 411. How does the PPACA affect the use of debit cards to pay for medical care expenses?
- 412. What is the required W-2 reporting for health insurance expenses?
- 413. What is the new simple cafeteria plan that is available beginning in 2011?
- 414. What are the requirements for the new simple cafeteria plan?
- 415. What are the deadlines for amending cafeteria plans?
- 416. Did Congress repeal the new and expanded 1099 requirements that were to be effective in 2012?
- 417. Do taxpayers need to take any steps in 2012 to comply with new 1099 requirements?
- 418. What new federal long-term care benefit was to become available in 2012 for which employees could elect to pay?
- 419. What are the new requirements regarding the purchase of health insurance or the payment of a penalty?
- 420. What is the employer mandate imposed by the PPACA?
- 421. What is the premium tax credit that is available to low and moderate income taxpayers beginning in 2014?
- 422. What is the penalty for employers with employees who obtain health coverage through a health care exchange and are eligible for the premium tax credit?
- 423. How will health reform affect small business?

PART V: LONG-TERM CARE INSURANCE

In General

- 424. What is a qualified long-term care insurance contract?
- 425. Can a life insurance policy or annuity contract be used to provide long-term care coverage?

426. Can long-term care insurance be provided under a cafeteria plan or through the use of a health savings account or flexible spending arrangement?

427. Do the COBRA continuation coverage requirements apply to long-term care insurance?

428. What are qualified long-term care services?

429. How does the law treat long-term care contracts issued before 1997?

Premiums

430. Are premiums paid for a qualified long-term care insurance contract deductible as medical expenses?

431. May a self-employed individual deduct premiums paid for a qualified long-term care insurance contract?

432. Are long-term care insurance premiums paid by an employer includable in employees' income?

433. May an employer deduct as a business expense premiums paid for a qualified long-term care insurance contract for employees?

Taxation of Benefits

434. Are benefits received under a qualified long-term care insurance contract taxable income?

Non-Qualified Long-Term Care Insurance Contract

435. How is a long-term care insurance policy taxed when it is not a qualified long-term care insurance contract?

Reporting Requirements

436. What reporting requirements are applicable to long-term care benefits?

PART VI: ANNUITIES

In General

437. What is an annuity contract?

438. What general rules govern the income taxation of payments received under annuity contracts?

439. How are annuity contracts taxed that are held by corporations and other non-natural persons?

440. If an annuity is held by a trust or other entity as agent for a natural person, does the general rule that annuities held by non-natural persons are not taxed as annuities apply?

Amounts Not Received as an Annuity

In General

441. What basic tax rules govern dividends, cash withdrawals, and other amounts received under annuity contracts before the annuity starting date?

COMPLETE LIST OF QUESTIONS

442. Is an individual who transfers an annuity contract without adequate consideration treated as receiving amounts “as an annuity”?
443. Are multiple annuity contracts aggregated for purposes of determining the amount of a distribution that is includable in income?
444. What is a guaranteed lifetime withdrawal benefit rider?
445. What is a lifetime income benefit rider (LIBR)?
446. What penalties apply to “premature” distributions under annuity contracts?
447. What special rules apply to premature annuity payments that are excepted from the generally-applicable 10 percent penalty by reason of the “substantially equal periodic payment” (SEPP) rule if the SEPP is later modified?
448. Are dividends payable on an annuity contract taxable income?
449. What is the tax treatment of dividends where annuity values are paid in installments or as a life income?

Amounts Received as an Annuity: Fixed Annuities

Basic Rule

450. How are annuity payments taxed?
451. How are annuity payments taxed to a beneficiary if an annuitant under a life annuity payout with a refund feature dies and there is value remaining in the refund feature?
452. What are the tax consequences if a taxpayer wishes to annuitize only a portion of an annuity contract?
453. What is a fixed annuity?
454. What is a market value adjusted annuity?
455. What is an indexed annuity?
456. How can the investment in the contract be determined for purposes of the annuity rules?
457. Does the presence of a long-term care rider to an annuity contract impact the calculation of investment in the contract for purposes of the annuity rules?
458. Does the calculation of a taxpayer’s investment in the contract for purposes of the annuity rules change if an annuity is a life annuity with a refund or period-certain guarantee?
459. How is expected return computed under the annuity rules?
460. What is the annuity starting date?

Life Annuity: Single

461. How is the excludable portion of payments under a single life annuity computed?
462. How is the excludable portion of payments under an annuity with a single life refund or period-certain guarantee calculated?

Life Annuity: Temporary

463. How is a temporary life annuity taxed?

Life Annuity: Joint and Survivor

464. How can one calculate the excludable portion of payments under a joint and survivor annuity that continues distributing the same income to the survivor as was payable while both annuitants were alive?

465. How can one calculate the excludable portion of payments under a level payment joint and survivor annuity with refund or period-certain guarantee?

466. How can one compute the tax-exempt portion of payments under a joint and survivor annuity where the size of the payments will increase or decrease after the first death?

467. How is the tax-exempt portion of payments determined for a joint and survivor annuity where the size of the payments will be reduced only if a specified annuitant dies first?

468. What are the income tax consequences to the surviving annuitant under a joint and survivor annuity?

Life Annuity: Refund Beneficiary

469. If an annuitant dies before receiving the full amount guaranteed under a refund or period-certain life annuity, is the balance of the guaranteed amount taxable income to the refund beneficiary?

Fixed Period or Fixed Amount Installments

470. How is the excludable portion of an annuity payment under a fixed period or fixed amount option computed?

Annuity Reduced by Partial Withdrawal

471. What are the income tax results when an annuitant makes a partial lump sum withdrawal (i.e., a partial commutation) and takes a reduced annuity for the same?

472. What are the income tax results when an annuitant makes a partial lump sum withdrawal and takes the same payments for a different term?

473. What is a variable annuity?

Annuity Rules: Variable Annuities

474. What is a variable annuity?

475. Is the purchaser of a deferred variable annuity taxed on the annual growth of a deferred annuity during the accumulation period?

476. How are payments under a variable immediate annuity taxed?

477. How is the value of a refund or period-certain guarantee determined under a variable annuity contract?

478. If payments from an immediate variable annuity drop below the excludable amount for any year, is the balance of the exclusion lost?

COMPLETE LIST OF QUESTIONS

479. What is an indexed variable annuity?
480. What is a wraparound or investment annuity? How is the owner taxed prior to the annuity starting date?
481. What is a longevity annuity?
482. What is the difference between a longevity annuity and a deferred annuity?
483. What is a qualified longevity annuity contract (QLAC)? What steps has the IRS taken to encourage the purchase of QLACs?
484. What types of retirement accounts can hold a qualified longevity annuity contract (QLAC)?
485. May both QLACs and non-QLAC DIAs be held in a taxpayer's Traditional IRA and will the QLACs get the RMD exemption of the regulations but the non-QLAC DIAs will not?
486. May an individual purchase a QLAC after the Required Beginning Date (RBD)?
487. Are the death benefits under a deferred annuity triggered upon the death of the owner of the annuity, or upon the death of the annuitant?
488. Can a taxpayer combine a deferred income annuity with a traditional annuity product?
489. Can a grantor trust own an annuity contract? How is an annuity owned by a grantor trust taxed?
490. If a grantor trust owns an annuity and the grantor is not the annuitant, whose death triggers annuity payout?

Loss

491. Does the surrender of a deferred annuity contract ever result in a deductible loss?
492. Is a deductible loss sustained under a straight life annuity if the annuitant dies before payments received by the annuitant equal the annuitant's cost?

Disposition

Sale or Purchase of a Contract

493. What are the income tax consequences to the owner of an annuity contract if he or she sells the contract?
494. How is the purchaser of an existing immediate annuity contract taxed?

Policy Exchanges

495. When is a policy owner deemed to have exchanged one annuity contract for another?
496. What is the tax treatment of a partial 1035 exchange?
497. When is the exchange of one annuity contract for another a nontaxable exchange?
498. Is the exchange of one annuity contract for another permissible if the owner-beneficiary inherited the annuity from a deceased original owner?
499. Are there special rules for exchanging one annuity contract for another where the insurer issuing the contract is under rehabilitation?

500. When is a policy owner required to recognize gain on the exchange of one annuity contract for another?

501. When is the exchange of one annuity contract for another a taxable transaction?

502. What is the tax treatment for an annuity with a long-term care rider?

Gift of an Annuity or Endowment Contract

503. What constitutes a gift of an annuity contract? What constitutes a gift of a premium?

504. Can the owner of an annuity contract avoid income and penalty taxes by assigning the right to receive the payments to another individual while retaining ownership of the contract?

505. What are the income tax consequences when a deferred annuity contract is transferred as a gift?

506. What are the income tax consequences when a deferred annuity contract is transferred to a trust?

507. Does the purchase of a joint and survivor annuity result in a taxable gift?

508. Is the naming of an irrevocable beneficiary under a refund annuity a gift?

509. When does the gift of an annuity between spouses qualify for the gift tax marital deduction?

510. What is the gift tax value of an annuity contract or of a donee's interest in a joint and survivor annuity?

511. Can the purchase of a private annuity result in a taxable gift?

Surrender, Redemption, or Maturity

512. What are the income tax consequences when the owner of an annuity contract takes the lifetime maturity proceeds or cash surrender value in a lump sum cash payment?

513. If a policyholder elects to receive endowment maturity death benefit proceeds, or cash surrender values under a life income or installment option, is the gain on the policy taxable to the policyholder in the year of maturity/death/surrender or as payments are received?

514. Is the full gain on a deferred annuity or retirement income contract taxable in the year the contract matures?

515. Are there any considerations that a taxpayer should be made aware of when deciding whether to surrender an annuity or accept a buyback offer?

Death

516. If an annuitant dies before his or her deferred annuity matures or is annuitized, is the amount payable at the annuitant's death subject to income tax?

517. What distributions are required when the owner of an annuity contract dies before the entire interest in the contract has been distributed?

518. Are there any exceptions to the rule that the entire interest in an inherited deferred annuity contract must be distributed within five years of the original owner's death?

COMPLETE LIST OF QUESTIONS

Divorce

519. If an individual purchases an annuity contract to meet alimony payments, how are payments taxed to the recipient? What are the tax results to the purchaser?

Gifts and Charitable Gifts

520. May a charitable contribution deduction be taken for the gift of a maturing annuity or endowment contract?

521. Is there a taxable gift when an individual covered under a qualified plan, a tax sheltered annuity, or an individual retirement plan irrevocably designates a beneficiary to receive a survivor benefit payable under the plan?

522. Is there a taxable gift when a nonparticipant spouse waives the right to receive a qualified joint and survivor annuity or a qualified preretirement survivor annuity?

523. What are the gift tax consequences to the spouse of an individual who designates a third party beneficiary to receive a survivor benefit payable under a qualified plan, a tax sheltered annuity, or an individual retirement plan if community property law applies?

524. If a person who is covered under an individual retirement plan contributes to a similar plan covering his or her non-employed spouse, are such contributions considered gifts?

Withholding

525. Are amounts received under commercial annuity contracts subject to withholding?

Private Annuity

526. What is a private annuity?

527. How are payments received under a private annuity issued after October 18, 2006 taxed?

528. How are payments received under a private annuity issued before October 19, 2006 taxed?

529. What are the tax consequences to the obligor in a private annuity transaction?

Charitable Gift Annuity

530. What is a charitable gift annuity?

531. How are payments received under a charitable gift annuity agreement taxed?

532. What are the tax consequences to the obligor in a charitable annuity transaction?

Taxation

533. How is a corporation taxed on payments under an annuity contract or on living proceeds from an endowment or life insurance contract?

534. How are damage payments taxed if an annuity is used to fund a judgment or settle a claim for damages on account of personal injuries or sickness?

535. What is the requirement to maintain minimum essential coverage?

536. When does a taxpayer have minimum essential coverage in order to avoid becoming subject to the Affordable Care Act penalty after 2013?

537. What is the penalty for an individual who chooses to remain uninsured?
538. If a qualified plan trust distributes an annuity contract to an employee, is the value of the contract taxable to the employee in the year of distribution?
539. How is an employee taxed on periodic retirement benefits under a qualified pension, annuity, or profit sharing plan?
540. How are variable annuity benefits payable under a qualified pension or profit sharing plan taxed to an employee?
541. Does the interest of a donee spouse in a joint and survivor annuity qualify for the marital deduction?

Estate Tax

542. What are the estate tax results when a decedent has been receiving payments under an annuity contract?
543. What are the estate tax results when a decedent has been receiving payments under an optional settlement of endowment maturity proceeds or life insurance cash surrender value?
544. If an individual purchases a deferred or retirement annuity and dies before the contract matures, is the death value of the contract includable in his or her estate?
545. In the case of a joint and survivor annuity, what value is includable in the gross estate of the annuitant who dies first?
546. What is the estate tax value of a survivor's annuity under a joint and survivor annuity contract?
547. In the case of a refund or period-certain annuity, is the balance of the guaranteed amount, payable after annuitant's death, includable in the annuitant's gross estate?
548. Are death proceeds payable under a single premium annuity and life insurance combination includable in an annuitant's gross estate?
549. If a decedent purchased an annuity on the life of another person, will the value of the contract be includable in his or her gross estate?
550. If a person makes a gift of an annuity, will the value of any refund be includable in the donee-annuitant's estate?
551. If a decedent has been receiving payments under a private annuity, what is includable in the decedent's estate?

Nonqualified Employee Annuity

552. Is the value of a death benefit payable under a nonqualified employee annuity includable in an employee's gross estate?

Tax Sheltered Annuity

553. Is a death or survivor benefit under a tax sheltered annuity includable in an employee's gross estate?

Structured Settlements

554. What is a secondary market annuity?

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555. What is a structured settlement?
556. Why might the parties to a judgment prefer to use a structured settlement rather than a lump sum payment?
557. What are the tax consequences to the plaintiff who receives structured settlement funds?
558. What are the tax consequences if a structured settlement is sold?
559. When is a defendant who is a party to a structured settlement entitled to deduct the payments made pursuant to the agreement?
560. Is a defendant entitled to deduct amounts paid under a structured settlement if the underlying liability is contested?
561. What is a designated settlement fund?
562. What is a qualified settlement fund?
563. What are the tax consequences of using a designated settlement fund or qualified settlement fund to satisfy a defendant's obligations under a structured settlement?
564. Can a defendant who is making payments under a structured settlement agreement assign responsibility for payments to a third party? What are the tax consequences of such an assignment?
565. Can a designated settlement fund (DSF) or qualified settlement fund (QSF) make a qualified assignment of its obligations to make periodic payments under a structured settlement?

PART VII: FEDERAL INCOME TAXATION

General Rules

566. Who must file a return?
567. Who must pay the estimated tax and what penalties are imposed for underpayment of the tax?
568. What is an individual's "taxable year"?
569. What are the basic steps in computing an individual's tax liability?

Gross Income

570. What items are included in gross income? What items are excluded from gross income?
571. How are the commissions, including insurance commissions, of a sales representative taxed?
572. How are the commissions on an insurance agent's own policies taxed?
573. How are an insurance agent's commissions taxed if they are received pursuant to a deferred income plan?
574. What are the tax consequences if an insurance agent sells or assigns the agent's right to receive renewal commissions?
575. How are commissions received after the death of the insurance agent taxed?

576. How are an insurance agent's commissions treated for self-employment tax purposes?
577. What is an insurance premium rebate? What are the income tax consequences of rebating premiums?
578. Who is taxed on the income from property that is transferred to a minor under a uniform "Gifts to Minors" act?
579. When does a cash basis taxpayer "receive" income? What is the doctrine of constructive receipt?
580. What are the tax consequences of a discharge of indebtedness?
581. What is the Mortgage Forgiveness Debt Relief Act of 2007 (MFDRA 2007) and how does it impact the tax consequences of a discharge of indebtedness?
582. What is a below-market loan?
583. What are the income tax consequences of a below-market loan that is categorized as a gift loan?
584. What are the income tax consequences of a below-market loan that is categorized as a compensation-related loan or a corporation-shareholder loan?
585. What securities law restrictions apply to a below-market loan?
586. What is an installment sale? How is it taxed?
587. How are sales between related parties taxed?
588. What is an interest surcharge?
589. What is the applicable federal rate?
590. Are Social Security and railroad retirement benefits taxable?
591. How is unearned income of certain children treated for federal income tax purposes?
592. What is an Education Savings Account (also known as a Coverdell Education Savings Account)?
593. What are the rules governing contributions to an Education Savings Account?
594. How are distributions from an Education Savings Account treated? What are "qualified education expenses"?
595. What is a qualified tuition program (also known as a 529 plan)?
596. How does contribution to a qualified tuition program (also known as a 529 plan) impact a taxpayer's ability to claim education-related credits? Can a taxpayer contribute both to a qualified tuition plan and an education savings account?
597. How are distributions from a qualified tuition program taxed?
598. What is "tax basis"?
599. What is the tax basis of property that is acquired by purchase or exchange?
600. How is the tax basis of property acquired from a decedent determined?
601. How is the tax basis of property acquired by gift determined?
602. How is the tax basis of property acquired in a generation skipping transfer determined?

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- 603. What is the tax basis of property acquired from a spouse or incident to a divorce?
- 604. What is a “capital asset”?
- 605. When is capital gain or loss short-term? When is it long-term? How is an individual’s “holding period” calculated?
- 606. How are securities that are sold or transferred identified for tax purposes?
- 607. How is a loss realized on a sale between related persons treated for income tax purposes?
- 608. How is an individual taxed on capital gains and losses?
- 609. What is the reduction in capital gain rates for individuals?
- 610. What lower rates apply for qualified dividend income?
- 611. What is qualified dividend income?
- 612. What are the reporting requirements under JGTRRA 2003?
- 613. How are gains and losses treated for “traders in securities”?
- 614. What is a “like-kind” exchange? How is it taxed?
- 615. How is the tax treatment of a like-kind exchange altered if, in addition to like-kind property, the taxpayer also receives cash or unlike-kind property in the exchange?
- 616. How is the tax treatment of a like-kind exchange altered if one or more parties assumes a liability of the other party or receives property subject to a liability in the exchange?
- 617. What is the tax basis of property received in a tax-free (or partially tax-free) like-kind exchange?
- 618. How is a like-kind exchange between related parties taxed?

Adjusted Gross Income

- 619. How is adjusted gross income determined?
- 620. What is the deduction for depreciation?
- 621. What methods may be used to calculate depreciation on property placed in service after 1986?
- 622. What are the anti-churning rules? When must pre-1987 depreciation methods be used?
- 623. What special limitations apply to calculating depreciation on automobiles and other property classified as “listed property”?
- 624. What depreciation deduction is allowed for intangible assets?
- 625. How does the depreciation deduction impact an individual’s basis in the property?
- 626. What personal exemptions is an individual entitled to deduct in calculating taxable income?
- 627. What conditions must be met to entitle the taxpayer to a dependency exemption?
- 628. Who is entitled to claim a dependency exemption for a child in the case of divorced parents?

Deductions

- 629. What itemized deductions may be taken by an individual taxpayer?
- 630. What is the limitation on certain high income taxpayers' itemized deductions?
- 631. What are miscellaneous itemized deductions? What limits apply?
- 632. Is interest deductible?
- 633. What is the maximum annual limit on the income tax deduction allowable for charitable contributions?
- 634. What substantiation requirements apply in order for a taxpayer to take an income tax deduction for charitable contributions?
- 635. What are the limits on the medical expense deduction?
- 636. What is income in respect of a decedent and how is it taxed? Is the recipient entitled to an income tax deduction for estate and generation-skipping transfer taxes paid on this income?
- 637. How are business expenses reported for income tax purposes?

Standard Deduction

- 638. What is the standard deduction?
- 639. What are the federal income tax rates for individuals?
- 640. How are taxes indexed?
- 641. Who may file a joint return?
- 642. Who may use head-of-household rates?

Credits

- 643. What credits may be taken against the tax?
- 644. Who qualifies for the tax credit for the elderly and the permanently and totally disabled and how is the credit computed?
- 645. Who qualifies for the child tax credit?
- 646. What is the Hope Scholarship (American Opportunity) Credit?
- 647. What is the Lifetime Learning Credit?
- 648. What limitations and phaseouts apply to the Hope Scholarship (American Opportunity) and Lifetime Learning Credits??
- 649. What is the credit for nonbusiness energy property that may be taken against the tax?
- 650. What is the residential energy efficient property credit that may be taken against the tax?
- 651. What is the alternative motor vehicle credit that may be taken against the tax?
- 652. What tax credits are available for plug-in electric vehicles?

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Alternative Minimum Tax

653. How is the alternative minimum tax calculated?

Social Security Taxes

654. What are the Social Security tax rates?

655. Who must pay the self-employment tax?

Community Property

656. How can community property law affect the federal income tax treatment of investment income?

657. How is community income reported if spouses live apart?

658. How does community property law affect the federal income tax treatment of dividends received from corporate stock?

659. If spouses move from a community property state to a common law state, will their community property rights in the property they take with them be recognized and protected by the law of their new domicile?

Divorce

660. Do transfers of property between spouses, or between former spouses incident to a divorce, result in taxable gains and losses?

661. Are alimony payments included in the gross income of the recipient? May the payor spouse take a deduction for these payments?

662. Is child support taxed in the same manner as alimony payments?

Trusts and Estates

663. How is the federal income tax computed for trusts and estates?

664. What is a grantor trust? How is a grantor trust taxed?

Corporations and Other Business Entities

665. How is a corporation taxed?

666. How is a corporation taxed on capital gains?

667. How is a corporation's alternative minimum tax calculated?

668. What is the accumulated earnings tax?

669. What is the personal holding company tax?

670. How are corporations that are classified as professional corporations and associations taxed?

671. How is an S corporation taxed?

672. How is a "personal service corporation" taxed?

673. What is a limited liability company and how is it taxed?

674. How is the income from a partnership taxed?

PART VIII: FEDERAL ESTATE TAX, GIFT TAX, GENERATION-SKIPPING TRANSFER TAX, AND VALUATION

Estate Tax

- 675. What is the federal estate tax?
- 676. What are the steps that must be taken to calculate the federal estate tax?
- 677. Should estates of decedents dying in 2010 elect to be subject to the estate tax?
- 678. Is the exclusion amount of the first spouse to die portable? What is “portability”?
- 679. What items are includable in a decedent’s gross estate for federal estate tax purposes?
- 680. What property in which the decedent had an interest is includable in the gross estate under IRC Section 2033?
- 681. Are dower and curtesy interests and their statutory substitutes includable in a decedent’s gross estate under IRC Section 2034?
- 682. When are gifts made within three years of death includable in a decedent’s gross estate under IRC Section 2035?
- 683. When are gifts with a life interest retained includable in a decedent’s gross estate under IRC Section 2036?
- 684. When are gifts taking effect at death includable in a decedent’s gross estate under IRC Section 2037?
- 685. When are gifts where a decedent retains the power to revoke or amend includable in the decedent’s gross estate under IRC Section 2038?
- 686. When are annuities or annuity payments includable in a decedent’s gross estate under IRC Section 2039?
- 687. Are joint interests includable in a decedent’s gross estate under IRC Section 2040?
- 688. When are powers of appointment includable in a decedent’s gross estate under IRC Section 2041?
- 689. When are life insurance proceeds includable in a decedent’s gross estate under IRC Section 2042?
- 690. Are transfers made for insufficient consideration includable in a decedent’s gross estate under IRC Section 2043?
- 691. When is marital deduction property in which a decedent had a qualifying income interest includable in the gross estate under IRC Section 2044?
- 692. When are disclaimers includable in a decedent’s gross estate under IRC Section 2046?
- 693. What additional amounts may be includable in a decedent’s gross estate?
- 694. In whose estate is property held in custodianship under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act includable for federal estate tax purposes?

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- 695. Is an education savings account includable in an individual's gross estate?
- 696. Is a qualified tuition program includable in an individual's gross estate?
- 697. Is the value of a life insurance agent's renewal commissions includable in the gross estate?
- 698. Under what circumstances is the value of property transferred by gift within three years of the donor's death includable in the donor's gross estate?
- 699. What estate tax exclusion is available for a qualified conservation easement?
- 700. What deductions are allowed from the gross estate in arriving at the taxable estate for federal estate tax purposes?
- 701. What deductions for expenses, indebtedness and taxes are allowed from the gross estate in arriving at the taxable estate for federal estate tax purposes?
- 702. What deductions for casualty and theft losses may be taken from the gross estate?
- 703. What deductions for charitable bequests are allowed from the gross estate in arriving at the taxable estate for federal estate tax purposes?
- 704. What is the estate tax marital deduction?
- 705. What is qualified terminable interest property (QTIP)?
- 706. When will a terminable interest in property cause that property to fail to qualify for the estate tax marital deduction?
- 707. When will property held in trust qualify for the marital deduction?
- 708. How is the availability of the estate tax marital deduction affected when the surviving spouse is not a United States citizen? What is a QDOT?
- 709. What is the estate tax deduction for qualified family-owned business interests?
- 710. What estate tax deduction is allowed for death taxes paid at the state level?
- 711. What credits are allowed against the federal estate tax?
- 712. What is the Section 2010 "unified credit" that is allowed against the federal estate tax?
- 713. What is the Section 2011 credit for state death taxes that can be taken against the federal estate tax?
- 714. What is the Section 2012 credit for gift tax that can be taken against the federal estate tax?
- 715. What is the Section 2013 credit for estate tax on prior transfers that can be taken against the federal estate tax?
- 716. What is the Section 2014 foreign death tax credit that can be taken against the federal estate tax?
- 717. What are the requirements for filing the federal estate tax return and paying the tax?
- 718. What are the minimum return requirements for determining whether an estate tax return must be filed?
- 719. Can the time for paying the estate tax be extended?

720. Can the time for paying the estate tax be extended if the estate includes a closely held business interest?

721. Can the time for paying the estate tax be extended if the estate includes a reversionary or remainder interest?

Generation-Skipping Transfer Tax

722. What is the federal generation-skipping transfer tax?

723. What is a generation-skipping transfer (GST) on which a generation-skipping transfer tax is imposed?

724. How is the amount of tax on a GST determined?

725. What is the GST exemption and how is it applied in determining the GST tax?

726. What is a GST trust?

727. What is the inclusion ratio and how is it used for purposes of the GST tax?

728. How is property valued for purposes of the GST tax?

729. Are Charitable Lead Annuity Trusts treated differently than other types of trusts for GST tax purposes?

730. What is the Estate Tax Inclusion Period (ETIP) for GST Tax purposes?

731. When are portions of a severed trust treated as separate trusts for GST tax purposes?

732. How is the GST tax applied to nontaxable gifts?

733. What is a Reverse QTIP Election and how is it made for GST tax purposes?

734. How are basis adjustments treated for GST tax purposes?

735. How are individuals assigned to generations for purposes of the GST tax?

736. Can married couples make a split gift for purposes of the GST tax?

737. What credits are allowed against the GST tax?

738. What are the return requirements with respect to the GST tax?

739. Who is liable for paying the GST tax?

Gift Tax

740. What is the federal gift tax?

741. Which types of transfers are subject to the federal gift tax?

742. When does a complete gift take place for purposes of the federal gift tax?

743. If a person refuses to accept an interest in property (a disclaimer), is he considered to have made a gift of the interest for federal gift tax purposes?

744. Are gifts made of foregone interest or interest-free and bargain rate loans subject to the federal gift tax?

745. What are the gift tax implications, if any, when an individual transfers property (or an interest in property) and takes back noninterest-bearing term notes covering the value of the property transferred, which notes the transferor intends to forgive as they come due?

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- 746. Are gratuitous transfers by individuals of federal, state, and municipal obligations subject to federal transfer taxes?
- 747. What are the federal gift tax implications of taking title to investment property in joint names?
- 748. What are the federal gift tax results if the donee agrees to pay the gift tax?
- 749. How is a gift of property under either the Uniform Gifts to Minors Act or under the Uniform Transfers to Minors Act treated for federal gift tax purposes?
- 750. When is a gift made with respect to an education savings account?
- 751. When is a gift made with respect to a qualified tuition program?
- 752. When is the “split-gift” provision available?
- 753. What is the gift tax annual exclusion and when is it available to a donor?
- 754. How does the splitting of gifts between spouses affect the gift tax annual exclusion?
- 755. What gift tax exclusion applies, if any, for gifts made for education or medical expenses?
- 756. What is the gift tax marital deduction?
- 757. Is a gift tax deduction allowed for gifts to charity?
- 758. What is the gift tax unified credit?
- 759. What are the requirements for filing the gift tax return and paying the tax?

Valuation

- 760. How is investment property valued for federal transfer tax purposes?
- 761. How does the executor’s election of the alternate valuation method affect the valuation of property for federal estate tax purposes?
- 762. How are stocks and bonds listed on an exchange or in an over-the-counter market valued for federal transfer tax purposes?
- 763. What effect does it have on valuation of shares of stock for federal transfer tax purposes if they are pledged as security?
- 764. How are notes, mortgages, and mortgage participation certificates valued for federal transfer tax purposes?
- 765. How are life estates, remainders, and private annuities valued?
- 766. How are Series E/EE and H/HH United States Savings Bonds valued for federal transfer tax purposes?
- 767. How is a non-negotiable savings certificate issued without discount by a Federal Reserve member bank valued for federal estate tax purposes when death occurs between interest periods?
- 768. How are mutual fund shares valued for federal transfer tax purposes?
- 769. How are United States silver coins valued for federal estate tax purposes?
- 770. How are interests in a closely-held business valued for federal transfer tax purposes?
- 771. How does the existence of a buy-sell agreement impact valuation of interests in a closely-held business for federal transfer tax purposes?

772. How are shares of stock in closely held corporations valued for federal transfer tax purposes?
773. How is real estate valued for federal transfer tax purposes?
774. How are mineral properties valued for federal transfer tax purposes?
775. How is timber valued for federal transfer tax purposes?
776. How are annuity, unitrust, and income (or use) interests retained by a grantor in a trust valued for estate tax purposes?
777. What are the Chapter 14 special valuation rules?
778. What special valuation rules apply to the transfer of an interest in a corporation or partnership under Chapter 14?
779. When may additional estate or gift taxes be due when an interest is valued using the Chapter 14 special valuation rules?
780. How are corporate and partnership transactions, such as recapitalizations, transfers and other changes in capital structure impacted by the Chapter 14 special valuation rules?
781. What special valuation rules apply to the transfer of an interest in trust under Chapter 14?
782. What special valuation rules apply to the transfer of qualified tangible property under Chapter 14?
783. What special valuation rules apply to the transfer of an interest in a personal residence trust or qualified personal residence trust under Chapter 14?
784. What special valuation rules apply to remainder interests and joint purchase transactions under Chapter 14?
785. What special valuation rules apply to certain agreements, options, rights, or restrictions exercisable at less than fair market value under Chapter 14?
786. What special valuation rules apply to certain lapsing rights and restrictions under Chapter 14?

PART IX: INTERNATIONAL TAX

In General

787. What is the difference between a resident alien and a nonresident alien?
788. When does a foreign individual become a U.S. taxpayer required to file a U.S. tax return?
789. What rules apply when a U.S. citizen or resident alien is married to a nonresident alien and the couple wishes to file a joint U.S. tax return?
790. When a U.S. citizen is a resident of a foreign country and earns income in that foreign country, is that income included in the taxpayer's gross income for U.S. tax purposes?
791. What is the foreign earned income exclusion?
792. What are the bona fide residence and physical presence tests that can allow a U.S. individual to qualify for the foreign earned income exclusion?

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793. What is the foreign housing exclusion (or deduction)?
794. Can U.S. individuals employed in a foreign country receive U.S. Social Security credit?
795. What are some of the considerations that a U.S. citizen or resident should be aware of when participating in a retirement plan while residing in a foreign country?
796. Are employer contributions to a foreign retirement account on behalf of a U.S. individual exempt from U.S. reporting requirements?
797. What assets of a foreign individual (nonresident alien) are subject to U.S. estate tax?
798. How does the estate of a foreign individual (nonresident alien) calculate the amount of U.S. estate tax owed?
799. Is the estate of a foreign individual entitled to the same deductions as a U.S. individual?
800. May a nonresident alien's estate claim an estate tax exemption upon the death of the nonresident alien?
801. Can a life insurance policy or annuity contract issued to a U.S. person by a foreign life insurance company qualify for the tax benefits traditionally afforded to U.S. life insurance policies?
802. What considerations should a U.S. citizen or resident alien be aware of when he or she owns or disposes of real property that is located in a foreign country?

U.S. Individuals and Taxation in Mexico

803. Can U.S. individuals purchase land in Mexico for investment purposes?
804. What is a restricted zone purchase for purposes of real property transactions taking place in Mexico?
805. What are the tax and reporting obligations of U.S. purchasers of real property in Mexico?
806. I have Mexican clients seeking to open investment accounts in the US. How should they structure their investment holdings in a tax efficient manner?

U.S. Individuals and Taxation in Canada

807. Why is residency significant in Canadian taxation, and how is Canadian residency determined for tax purposes?
808. When is an individual considered a "resident" of Canada for tax purposes?
809. What is a part-year resident of Canada for tax purposes?
810. When is an individual considered to be a non-resident of Canada for tax purposes?
811. When does a U.S. individual establish permanent residency in Canada?
812. What are the general filing requirements for U.S. citizens living in Canada on a full-time basis?
813. Can U.S. citizens living in Canada be subject to double taxation?
814. Are U.S. citizens that receive income from property situated in Canada, such as dividends or interest, subject to tax in Canada, and if so, are there withholding requirements?

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815. Are U.S. citizens employed or carrying on business in Canada subject to tax in Canada, and if so, are there withholding requirements?

816. What is FATCA, and do I need to be concerned with it as a U.S. citizen living in Canada?

817. What is FBAR and do I need to be concerned by FBAR requirements as a U.S. citizen living in Canada?

818. What is the effect of a disposition of Canadian real property?

819. Does Canada have estate taxes?

820. Does a Canadian citizen need to be concerned if the Canadian citizen's spouse is a U.S. citizen?

821. What considerations apply to U.S. citizens who participate in Canadian retirement plans (such as RRSPs) while residing in Canada?

822. Is renouncing U.S. citizenship a viable option to citizens permanently living in Canada?

823. Does a U.S. citizen living in Canada need to be concerned of the "Medicare Tax," and if so, is there tax relief for it?