



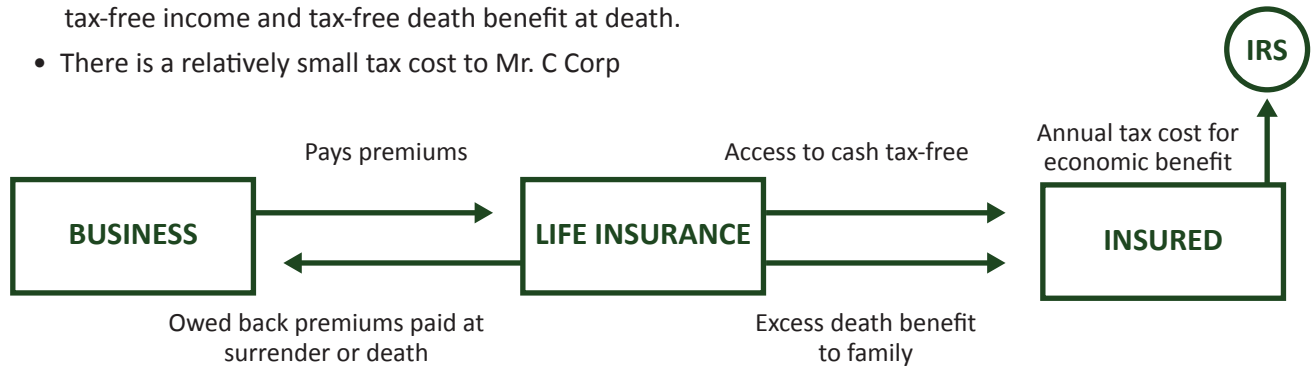
## THE SITUATION

Mr. C Corp is 50 years old and has substantial retained cash inside of business, which is taxed as a C Corp. He would like to get access to the cash in the business without being double taxed (corporately and personally).



## OUR RECOMMENDATION

- Utilize split dollar funded life insurance to provide tax-free retirement income as well as death benefit protection.
- Split dollar funding allows the business to use retained cash for the benefit of Mr. C Corp without distributing and paying tax.
- The company agrees to fund life insurance premiums and gets repaid the premium advances at death or upon policy surrender.
- Mr. C Corp gets a life insurance policy that builds cash value which can be used during his lifetime for tax-free income and tax-free death benefit at death.
- There is a relatively small tax cost to Mr. C Corp



## THE RESULT

We looked at two different ways to fund the policy. Here are the results:

### 15 Year Funding:

- \$50,000/year for 15 years (\$750,000 total)
- Tax-free income totaling \$1,760,000 from ages 65-85
- Death benefit of \$1,313,000 at age 100 payable to family
- Gross interest rate needed on hypothetical taxable investment to match results - 43.02%

### 4 Year Funding:

- \$250,000/year for 4 years (\$1,000,000 total)
- Tax-free income totaling \$3,190,000 from ages 65-85
- Death benefit of \$1,843,000 at age 100 payable to family
- Gross interest rate needed on hypothetical taxable investment to match results - 34.82%

## CONCLUSION

**SPLIT DOLLAR CAN BE A TAX EFFICIENT WAY TO ACCESS CASH IN A C CORP.**

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