

101(j) Compliance Checklist

Employer: _____ Review Date: _____

SYSTEMATIZE THE PROCESS IN YOUR ANNUAL REVIEW WITH EMPLOYER CLIENTS

- | | | | |
|------------|----|------------|--|
| No | or | Yes | Does the employer own life insurance on anyone affiliated with the business? |
| Yes | or | No | Does the employer have documented procedures for obtaining Notice & Consent? |
| Yes | or | No | Have you confirmed that the CFO knows where the Notice & Consent files are kept? |
| Yes | or | No | Has the CPA been notified the employer owns life insurance on anyone associated with the business? |
| Yes | or | No | If the employer owns life insurance, does the CPA file a form 8925 with the business tax return each year? |
| Yes | or | No | Does the employer complete policy reviews on employer owned policies? |
| No | or | Yes | Does the employer anticipate purchasing life insurance on anyone associated with the business? |

Review every 24 months unless a cost of insurance letter is received.



Circling any of these identifies a potential 101(j) issue. ASA recommends a pre-purchase review or an audit of 101(j) holdings.

WHERE TO FIND EVIDENCE OF EMPLOYER OWNED LIFE INSURANCE

- ✓ Schedule M-1 or M-3 Adjustments
- ✓ Income Statement
 - COLI premiums are an expense; however, they are not deductible. Some policies do not have recurring premiums and will not show up on the income statement.
- ✓ Form 8925
- ✓ Balance Sheet
 - Cash values of permanent life insurance are an asset of the employer



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