



DECODING TAX REFORM

Advising the Advisor

Monday, 9 April 2018

COLI/BOLI Marketplace

Potential Impact of the Transfer for Value Provision in the Tax Cuts and Jobs Act of 2017

By Armstrong Robinson

H.R. 1 included language modifying the Transfer for Value rules related to certain life insurance contracts subject to new reportable policy sale requirements. That language carries with it a narrow, but important potential implication for the COLI/BOLI marketplace. AALU has already established with the tax writers that this potential impact was not intended, and we are working with them on a resolution.

RELEVANT FACT PATTERN: Entity A wants to acquire Entity B who owns a block of COLI/BOLI. The segment of that block of life insurance related to the lives of former employees is potentially subject to the Transfer for Value (TFV) rule in the Code.

POTENTIAL TAX IMPACT: If subject to the TFV rule then the tax-free death benefit (on the block of former employees) is limited to the amount of consideration paid for the policies plus the premiums subsequently paid by Entity A.

AALU is working on a solution: We are working with the Board and Counsel to secure positive resolution either through regulatory guidance or statutory technical correction.

Through meetings with the Ways & Means Committee, Senate Finance Committee, the Joint Committee on Taxation, and the Treasury Department we have established that this potential impact was not intended.

Please keep us informed questions or issues arising with clients as a result of this provision as understanding the impact on the markets is critical to our advocacy.

Call us with questions or comments – 202.772.4638

The Details



Learn more, courtesy of Ken Kies–AALU Counsel at Federal Policy Group

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Upcoming Events

- **Annual Meeting First Timers' Webinar** | Thursday, April 19, 3pm Eastern | [Register Here](#)
- **Strategies for Success: Decoding Tax Reform** | Featuring Marla Aspinwall | Tuesday, April 24, 11am Eastern | [Register Here](#)
- **2018 AALU Annual Meeting** | April 29-May 1 | Washington, DC | [Register Here](#)



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