

Election of Whole Life Insurance

_____ (plan name)
election of whole Life Insurance

As a participant in the _____ (plan name) you are the insured of a whole life insurance policy that has been issued to you through _____ insurance company and _____ (company name) has been paying the annual premiums for you. The death benefit of your insurance policy is \$ _____ and the annual premium is \$ _____. As a terminated employee of _____ (company name) the company will no longer be responsible for the annual premiums that are required to keep the insurance policy in force. The following are three options to elect from regarding your life insurance policy in the _____ (plan name).

1. One option is to surrender the policy. If you choose to surrender the insurance policy it will lapse one year after the last annual premium that the _____ (plan name) has paid and you will no longer be entitled to a death benefit. You will only be entitled to your vested portion of the cash surrender value of the policy.
2. The second option is to purchase the policy and change the ownership of the policy to your name. If you choose to purchase the insurance policy and change the ownership of your life insurance policy from the _____ (plan name) to yourself you will purchase the insurance policy for the fair market value as described by the IRS. You will be responsible for all future annual premiums and _____ (company name) is no longer responsible for any premiums, payment of death benefit, or anything else regarding your insurance policy. If you elect to transfer the insurance policy to your name and do not pay the required premium when they are due the insurance policy will eventually lapse and you will lose the death benefit.
3. The third option is to distribute the policy. If you choose to distribute the insurance policy to yourself you will be responsible for the taxes owed on the distribution and the ownership will change from the _____ (plan name) to yourself. The taxes will be based on the fair market value of the policy. You will be responsible for all future annual premiums and _____ (company name) is no longer responsible for any premiums, payment of death benefit, or anything else regarding your insurance policy. If you elect to transfer the insurance policy to your name and do not pay the required premiums when they are due the insurance policy will eventually lapse and you will lose the death benefit.

We recommend that you check with your tax advisor and/or financial planner prior to making your decision. Please make your election below regarding your whole life insurance policy from the _____ (plan name).

- I elect to surrender the policy. The policy will lapse and my beneficiary will not receive a death benefit. I will only receive my vested portion of the cash surrender value at the time of the distribution.
- I elect to purchase the policy and change the ownership from the _____ (plan name) to myself. I will be responsible for all future premium benefits.
- I elect to distribute the policy and change the ownership from the _____ (plan name) to myself. I will be responsible for all future premium payments and the taxes owed.

Participant Name (Print): _____

Participant Signature: _____ Date: _____

Trustee Signature: _____ Date: _____