

SAMPLE DOCUMENT

SPLIT DOLLAR AGREEMENT (Cross Endorsement Method)

— For Use by Legal Counsel Only. Not for use by Financial Representatives with the public. —

This is an Agreement between the parties set forth below. Today's date is _____, 20____.

- 1. Life Insurance.** This Agreement deals with life insurance Policy Number _____ (the "Policy") issued by The Northwestern Mutual Life Insurance Company, of Milwaukee, Wisconsin (the Insurer).
- 2. Rights of the Parties.** The parties have the rights to the amount of death benefit under the Policy as set forth below (death benefit can be expressed as a dollar amount, percentage, "greater of cash value or premiums paid," "balance," or "as agreed among the parties"):

<u>Party</u>	<u>Amount of death benefit</u>
_____ (Owner)	_____
_____ (Benefited Party 1)	_____
_____ (Benefited Party 2)	_____
_____ (Benefited Party 3)	_____
_____ (Benefited Party 4)	_____

The Owner shall be the sole and exclusive owner of the Policy and have all rights under the Policy, subject to the rights of the Benefited Party(ies) to a portion of the death benefit as set forth above. The Owner's share shall be reduced by any policy loans taken by Owner.

- 3. Premium Payment.** The premium on the Policy shall be paid by Owner as it becomes due.
- 4. Policy Dividends.** Policy dividends shall be applied to purchase paid-up additional insurance protection.

This sample document is intended only as guidance for the client's own legal counsel. The document is general in nature and does not reflect the specific circumstances of any individual or situation. The document does not constitute tax or legal advice and cannot be used to avoid any penalties that may be imposed on a taxpayer. It is intended that the client's legal counsel will modify the document where necessary to satisfy the client's objectives and the requirements of any applicable federal, state or local law. Northwestern Mutual does not guarantee the effectiveness of this document and is not responsible for any tax or legal consequences resulting from use.

5. **Economic Benefit Tax Treatment.** This Agreement shall be treated as an economic benefit split dollar arrangement under Treas. Reg. § 1.61-22(b). Benefited Party(ies) shall not have any current access to the Policy's cash values or any other economic benefit other than a right to the amount of death benefit identified in 2 above. Benefited Party(ies) shall annually pay to Owner the value of the economic benefit attributable to their portion of the death benefit.
- 6 . **Termination.** This agreement may be terminated by consent of all parties hereto.
7. **Insurance Company Not Liable.** The Insurer shall be bound only by the provisions of and endorsements of the Policy, and any payments made or action taken by it in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever. It shall in no way be bound by or be deemed to have notice of the provisions of this Agreement.
8. **Amendment.** The parties can mutually agree to amend this Agreement and such amendment shall be in writing and signed by all parties.
9. **Binding Effect.** This Agreement shall bind Owner, Benefited Party(ies) and heirs, executors, administrators, successors and assigns, and any Policy beneficiary.

IN WITNESS WHEREOF the Parties have signed this Agreement.

Owner:

Benefited Party 1:

Benefited Party 2:

Benefited Party 3:

Benefited Party 4:

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