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**Answer:**

You can use life insurance in several ways to help your business.

You might consider purchasing a key-person life insurance policy that covers the loss of services when a key employee or partner dies. The benefits can be used to cover any lost profit and the cost of replacing the employee or partner. The insurance is owned by your business, which also receives the benefits.

Another way to insure against the death of a business partner is through a buy-sell agreement. For example, three partners in a business each own the same amount of stock. One partner, Mr. Clark, dies, and his stock goes to his wife through his will. If the business had written a buy-sell agreement and funded it with life insurance, the surviving partners would have received a life insurance benefit when Mr. Clark died. The partners and Mrs. Clark could then have exchanged the life insurance benefit for the company stock.

Split-dollar life insurance is another benefit you can offer your employees while investing in your company. Here, the business purchases a life insurance contract on the life of an employee and shares the cost. If the employee dies, your business receives an amount equal to the premiums paid, and the employee's beneficiary receives the remaining death benefit. If the policy is surrendered for any other reason, your business receives the cash value.

Deferred compensation that supplements a retirement plan is another option you might consider. Your company would buy a life insurance policy on the life of a key employee. The business is the owner and beneficiary. If the employee dies, the business receives the death benefit tax free. From the benefit proceeds, your business pays an annual sum to the employee's survivors for a specified period.

Providing group life insurance as an employee benefit can also help your business by attracting and retaining employees. Group insurance is less expensive to purchase than individual insurance. Also, no medical exam may be required, depending on the size of your company. Here, the premiums are tax deductible to your business, and the benefits are paid directly to your employee's beneficiary.