

EMPLOYER: ABC Bank & Trust Company
PLAN: Bank Owned Life Insurance & Split Dollar Program
REPORT: Suggested General Ledger Accounting Entries
PERIOD: 12/01/2017 through 12/31/2017

LIFE INSURANCE EXPENSE	0.00
CASH SURRENDER VALUE INCREASE	23,234.52
DUE FROM INSURED (SPLIT DOLLAR) (1)	0.00
COMPENSATION EXPENSE	0.00
INTEREST EXPENSE (POLICY LOANS) (2)	0.00
CASH	0.00
OTHER INCOME (INSURANCE)	23,234.52
LIFE INSURANCE POLICY LOANS (3)	0.00

NOTE: To record the insurance activity on life insurance policies owned by the employer and the associated expense or income based on the increase in the cash surrender values or the receipt of insurance policy proceeds.

- (1) A "due from account" is an Account Receivable.
- (2) To record policy loan interest accrued or paid during the current period. IMPORTANT: IRC Section 264 provides for certain restrictions on the tax deductibility of policy loan interest.
- (3) To record the accrual of life insurance policy loans and policy loan interest during the current period. If the loan is to be repaid within twelve months, it may be classified as a current liability. The obligation may be treated as a non-current liability if the loan will be liquidated by deduction from the proceeds of the policy upon maturity or cancellation (AICPA formerly ARB Number 43).

ACTION REQUIRED:

- (i) POST ENTRIES TO THE GENERAL LEDGER.
- (ii) SEE INDIVIDUAL INSURANCE POLICY SCHEDULE FOR ENTRIES FOR EACH INSURED.

[Suggested entries are based on the period identified above. Entries may include dividends, interest, or investment performance which are not guaranteed and will vary. Policy values should be confirmed by the insurance carrier on or after the end of the fiscal year.]

EMPLOYER: ABC Bank & Trust Company

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REPORT: Suggested General Ledger Accounting Entries by Policy

PERIOD: 12/01/2017 through 12/31/2017

<u>Policy Number</u>	<u>Insured</u>	(DR) <u>Life Insurance Expense</u>	(DR) <u>Cash Surrender Value Increase</u>	(DR) <u>Due From Insured (Split \$(1))</u>	(DR) <u>Compensation Expense</u>	(DR) <u>Interest Expense (Policy Loans)(2)</u>	(CR) <u>Cash</u>	(CR) <u>Other Income (Insurance)</u>	(CR) <u>Life Insurance Policy Loans(3)</u>
Guardian Life									
XYZ131	Banker, Jane	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
XYZ130	Banker, Joe	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
Lincoln National Life Ins Co									
XYZ136	Banker, Billy	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
XYZ133	Executive, Jane	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
XYZ132	Executive, Joe	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
MassMutual									
MM123	Banker, Jane	0.00	2,004.02	0.00	0.00	0.00	0.00	2,004.02	0.00
XYZ123	Executive, Eddie	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
New York Life									
XYZ134	Director, Annie	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
XYZ135	Director, David	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
XYZ124	Executive, Eddie	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
Northwestern Mutual									
XYZ125	Executive, Eddie	0.00	2,123.05	0.00	0.00	0.00	0.00	2,123.05	0.00
Total:		0.00	23,234.52	0.00	0.00	0.00	0.00	23,234.52	0.00

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<u>Policy Number</u>	<u>Insured</u>	(DR) Life Insurance Expense	(DR) Cash Surrender Value Increase	(DR) Due From Insured (Split \$(1)	(DR) Compensation Expense	(DR) Interest Expense (Policy Loans)(2)	(CR) Cash	(CR) Other Income (Insurance)	(CR) Life Insurance Policy Loans(3)
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