

## **Pocket Guide to Rev. Ruls. 2009-13 and 2009-14**

The IRS May 1, 2009 issued two revenue rulings describing six different situations, each involving a life insurance transaction and its income tax consequences

<b>Rev. Rul.</b>	<b>Policy Type</b>	<b>Transaction</b>	<b>Basis (or other offset)</b>	<b>Ordinary Income</b>	<b>Capital Gain</b>
2009-13 Situation 1	Cash Value	Surrender by insured	Investment in the contract (i.e. premiums paid less amounts re- ceived that were excludable from gross income)	All	None
2009-13 Situation 2	Cash Value	Sale by insured	Premiums paid less cost-of- insurance	To the extent there would have been ordinary income had policy been surrendered	The amount that is not ordinary income
2009-13 Situation 3	Term	Sale by insured			
2009-14 Situations 1 and 3	Cash Value or Term	Receipt of death benefit by 3rd-party purchaser (whether foreign or domestic) from insured	Purchase price of policy plus any premiums paid by purchaser	All	None

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