

# Instructions for Form 8921

(August 2007)



Department of the Treasury  
Internal Revenue Service

## Applicable Insurance Contracts Information Return

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Purpose of Form

Generally, an applicable exempt organization must file a Form 8921 for each structured transaction under which it makes reportable acquisitions of applicable insurance contracts. See *Definitions* below for terms used in these instructions and Form 8921. For more information on the reporting requirements, see section 6050V. See *When and Where to File* below regarding filing deadlines.

#### Who Must File

Applicable exempt organizations must file Form 8921 if they acquire a direct or indirect interest in an applicable insurance contract after August 17, 2006, and on or before August 17, 2008, regardless of the date of the structured transaction itself. A separate Form 8921 must be filed with respect to each separate structured transaction to which the organization is a party. See *Definitions* below.

#### How to Complete Form

In order to be considered complete, Form 8921 must be completed in its entirety with all required attachments. If the information required exceeds the space provided, attach additional sheets. The additional sheets must be in the same order as the lines to which they correspond. Include your organization's name, employer identification number (EIN), and the structured transaction identifier (STI) at the top of each additional sheet.

Round off cents to whole dollars. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3. If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

#### When and Where to File

If an applicable exempt organization makes a reportable acquisition after August 17, 2006, and on or before August 17, 2008, it must file a Form 8921 according to the following schedule.

IF reportable acquisitions were made, or new or corrected information was obtained, after...	AND on or before...	THEN file an initial or subsequent Form 8921 by...
August 17, 2006,	August 17, 2007,	November 1, 2007
August 17, 2007,	August 17, 2008,	October 31, 2008

If any information required by Form 8921 is unavailable at the time of filing, or if any information already provided changes or is found to be in error, then an updated or corrected Form 8921 must be filed according to the above schedule.

**Where to send.** Send Form 8921 to the following address.

Department of the Treasury  
Internal Revenue Service  
Ogden, UT 84201-0027

If filing using a private delivery service, the private delivery service can tell you how to get written proof of the mailing date.

#### Penalty

There is a penalty under section 6721 for the failure to file a required Form 8921 by the required filing date. See *When and Where to File* earlier. Other penalties are imposed for failure to include all information and required attachments, or for inclusion of incorrect information. See sections 6721 and 6724(d)(1)(B)(xiv).

If one or more failures are due to intentional disregard of the filing requirement (or the correct information reporting requirement), then the penalty per failure is the greater of (a) \$100 or (b) 10% of the value of the benefit of any applicable insurance contract for which information is required to be included on the return. In this case, the penalty imposed for such intentional disregard is not taken into account in applying any calendar year limitation. See section 6721(e).

No penalty shall be imposed for any failure if it is shown that such failure is due to reasonable cause and not to willful neglect. See section 6724(a).

#### Definitions

##### Applicable Exempt Organization

An *applicable exempt organization* is generally a religious, charitable, scientific, literary, educational, amateur sports or similar organization, a governmental organization, a fraternal society operating on a lodge system, a veterans' organization, an Indian tribal government, a cemetery company, or an employee stock ownership plan. See section 6050V(d)(3) for more details. The term "organization," when used in these instructions, refers to an applicable exempt organization.

##### Applicable Insurance Contract

An *applicable insurance contract* is any life insurance, annuity, or endowment contract in which both an applicable exempt organization and a person other than an applicable exempt organization have directly or indirectly held an interest (whether or not at the same time). However, a contract is not an applicable insurance contract if:

- Each person directly or indirectly holding an interest in the contract (other than an applicable exempt organization) has an insurable interest in the insured under the contract that is independent of the applicable exempt organization's interest in the contract,
- The sole interest in the contract of each involved person is as a named beneficiary, or
- Under certain circumstances, the sole interest in the contract of each person other than an applicable exempt organization is as a beneficiary of one or more trusts holding an interest in the contract, or as a trustee who holds an interest in the contract solely in a fiduciary capacity. See section 6050V(d)(2).

##### Broker/Advisor

A *broker/advisor* is any person that, for compensation, supplies professional services to the other parties to the structured transaction. This transaction role includes persons providing legal, financial, accounting, or other advice, as well as persons providing brokerage or investment banking services.

##### Contract Beneficiary

A *contract beneficiary* is any person eligible to receive death or endowment benefits, in the case of life or endowment insurance, or annuity payments in the case of annuities. There

may be more than one contract beneficiary with respect to a single contract.

## Contract Form

Each *contract form* must be identified by each contract type (such as a life insurance policy, endowment policy, or annuity contract). Each contract form must also be separately identified if the contract forms are issued by different insurers or if they have differing terms (such as different premium structures, investment options, or withdrawal options) from other contracts of the same type. For example, if the answers with respect to any two contracts differ for line 10a, 10b, 10c, 11, 12d, 13a, 15a, or 17 of Form 8921, then the two contracts constitute separate contract forms, and each contract form must be identified and reported in a separate column for purposes of answering questions under Part III of Form 8921.

## Contract Owner

A *contract owner* is any person possessing any benefits and burdens of ownership as they relate to applicable insurance contracts. Generally, this is any person with the power to change a beneficiary designation, to borrow a part (or all) of a policy's cash value, or to otherwise withdraw funds. There may be more than one contract owner with respect to a single contract.

## Creditor

A *creditor* is a person that supplies funds in return for a fixed return or a variable rate of return that is determined by an interest rate index and a spread.

## Insurable Interest

*Insurable interest* is a state law concept which requires that a life insurance policyholder have a direct interest in the continuance of the life of the insured. For example, a tax-exempt organization may have an insurable interest in the lives of its donors. An organization's role in a structured transaction is to provide an insurable interest if one or more applicable insurance contracts are purchased based on the organization's relationship to the insured individual.

## Investor

An *investor* is a person, other than a creditor, that supplies funds in return for an equity interest. An equity interest exists wherever compensation is variable and uncertain in amount, timing, or both (other than with respect to a variable interest contract) at the time the outlay of funds is made.

## Party to the Structured Transaction

A *party to the structured transaction* is any person (other than the applicable exempt organization filing the Form 8921) that is known to hold (directly or indirectly) an interest in one or more applicable insurance contracts, or who otherwise receives (or will receive) amounts from the structured transaction. An insured is not a party to the transaction, unless that person has an interest in the applicable insurance contract or the structured transaction other than as an insured.

## Reportable Acquisition

A *reportable acquisition* is one in which an acquisition is made of a direct or indirect interest in an applicable insurance contract when the acquisition is a part of a structured transaction involving a pool of such contracts.

## Structured Transaction

A *structured transaction* is any transaction in which an applicable exempt organization acquires a direct or indirect interest in a pool of applicable insurance contracts.

## Structured Transaction Identifier (STI)

A *structured transaction identifier (STI)* is a 4-digit number used to identify the structured transaction for which a Form 8921 is being filed. See instructions for line 2, below.

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# Specific Instructions

## Part I. Identifying Information

### Line 1

Enter the date (MM/DD/YYYY) that your organization entered into the structured transaction. This is the earliest date on which your organization agreed to terms with any other party to the structured transaction or on which your organization supplied relevant information on potential insureds.

### Line 2

Enter a structured transaction identifier (STI). The STI is to be used to identify the section 6050V structured transaction for which this Form 8921 is being filed. It should be entered on all additional sheets attached to Form 8921, and on all other required attachments to Form 8921.

The STI consists of the letters "STI" followed by a four-digit number that is unique for each structured transaction to which your organization is a party. For example, if this is the sole structured transaction entered into by your organization, enter 0001 after STI on line 2. The "STI0001" would be entered on all additional sheets and on all other required attachments to Form 8921. If your organization is a party to a second structured transaction, the STI would read "STI0002" for that transaction.

### Line 3

Check the appropriate box. A corrected return must be filed to correct any errors on any previously filed Form 8921 or to add appropriate information on an incomplete Form 8921. An updated form must be filed if any additional applicable insurance contracts have been acquired, or if there is any material change in the terms or relationship in a structured transaction. For any subsequently filed Form 8921, complete Part I fully, but complete other lines only if they are being corrected or updated. Enter the correct information for each changed line, not the difference in amount from the previous form.

### Lines 4a through 4f

Enter the name, employer identification number (EIN), mailing address, website address, and the state (or, if a foreign entity, the country) in which your organization is organized. The EIN (along with the STI) must be entered also on all additional sheets attached to Form 8921, and on all other required attachments to Form 8921.

### Line 5

Check all boxes that describe your organization's role in the structured transaction. See *Definitions* above.

### Lines 7a and 7b

Enter on line 7a the amounts received by your organization under the structured transaction at the time of the filing of this Form 8921.

Enter on line 7b the amounts expected to be received by your organization under the structured transaction in the future. Amounts should be expected values, based on contract terms and/or amounts shown in promotional or other materials.

## Part II. Parties to the Structured Transaction

### Lines 8a through 8l

Enter the requested information for each party to the structured transaction. See *Definitions* earlier for the definition of a party to the structured transaction and for definitions of the party's role in the structured transaction. Use a separate column for each party. Attach additional sheets as necessary.

**Lines 8a through 8c.** Enter the name, social security or employer identification number, and mailing address of each party to the structured transaction.

**Line 8d.** Check all boxes that describe the party's role or roles in the structured transaction. If "Other" is checked, provide a description in the space provided. See *Definitions* earlier for definitions of roles.

**Line 8e.** Check the appropriate box that describes the party's legal form. If "Other" is checked, provide a description in the space provided.

**Line 8f.** Check the box if the party to the structured transaction is a foreign entity not subject to U.S. federal income tax.

**Line 8g.** Check the box if the party to the structured transaction is an applicable exempt organization.

**Line 8h.** If the party to the structured transaction is a trust, partnership, association, or corporation, enter the number of trust beneficiaries, partners or association members, or corporate stockholders as of the filing date.

**Line 8i.** Report amounts paid or expected to be paid by the party under the structured transaction. Amounts to be paid in the future are expected values based on contract terms and/or amounts shown in promotional or other materials.

**Line 8j.** Report amounts received by the party to the structured transaction as of the filing date of this Form 8921.

**Line 8k.** Report amounts to be received by the party to the structured transaction in the future. Future amounts are expected values, based on contract terms and/or amounts shown in promotional or other materials.

**Line 8l.** Check the appropriate box for each reportable person for whom the amounts reported on line 8j or line 8k and/or their timing depend on the payment of death or endowment benefits, or annuity benefits.

## Part III. Applicable Insurance Contract Forms

### Lines 9 through 21

Enter the requested information for each separate contract form for the structured transaction being reported on this Form 8921. See *Definitions* earlier for the definition of a contract form. A separate column must be used for each contract form. Attach additional sheets as necessary.

**Line 9.** Enter a contract form identifier (number or name) that can be used to identify the contract being reported in each column. Mark any contract form attachments submitted according to the line 21 instructions with the appropriate contract form identifier.

**Lines 10a through 10c.** Enter the name and employer identification number of the insurer issuing the contract form, and specify the state (or, if a foreign entity, the country) in which the insurer is organized.

**Line 11.** Check the box that appropriately identifies the type of applicable insurance contract. An immediate annuity is a contract under which the first benefit payment is due within one year from the date of purchase. Under a deferred annuity, payments begin, if at all, at a later date.

**Lines 12a through 12d.** On lines 12a and 12b, enter the earliest and latest dates (MM/DD/YYYY) on which a contract was issued under each contract form. Enter the total number of policies issued under each contract form on line 12c. For group insurance, enter the number of policy certificates issued under the group contract on line 12c, and check the box under line 12d. The entry on line 12c should be the number of contracts (or, in the case of a group contract, the number of certificates), and may not correspond to the number of insureds.

**Lines 13a through 13c.** On line 13a, check the "Fixed in contract" box if premium obligations are fixed in amount and period by the insurance contract. If premiums are to be paid over the life of the insured(s), check the box "Life of the insured." If the premium term is fixed, check the "years" box and enter the premium term in years. Check the "Discretionary" box if premium amounts and timing are determined at the discretion of a contract owner.

Enter on line 13b and 13c the aggregate premiums paid or to be paid for contracts issued under each separate contract form. Allocate premiums according to whether they have been or will be paid in the first policy year or later. Future premiums are to be included on line 13c, and should be expected values based on contract terms and/or amounts shown in promotional or other materials.

**Lines 14a and 14b.** Enter on line 14a the aggregate value of death or endowment benefits associated with all contracts issued under each separate contract form as of the dates the contracts were issued.

Enter on line 14b, for each contract form, the smallest and the largest contract death or endowment benefit as specified on the date each contract was issued.

**Lines 15a through 15c.** Complete lines 15a through 15c if the contract type is an immediate annuity. Otherwise, go to line 16a.

On line 15a, check the "Fixed" box if annuity payments are fixed in amount or are indexed only to a consumer price index. Check the "Variable" box if they are dependent upon a fund value or other index (other than a consumer price index). Whether fixed or variable, check the "Inflation-indexed" box if the annuity is indexed to a consumer or similar price index.

Enter on line 15b the aggregate value of monthly annuity payments (or monthly equivalent payments, if payments are not made on a monthly basis) for all contracts issued under each immediate annuity contract form. This value should reflect annuity payments when the contracts were first issued.

Enter on line 15c the values of the smallest and largest monthly annuity payments (or monthly equivalent payments, if payments are not made on a monthly basis) for immediate annuity contracts issued under each immediate contract form. These values should reflect the annuity payments when a contract was first issued.

**Lines 16a and 16b.** Enter on line 16a the aggregate policy loans made (or expected to be made) under each contract form. Enter on line 16b the aggregate value of any other amounts distributed (or expected to be distributed) from each contract form (other than as death or annuity benefits or as loans). For example, include any anticipated partial withdrawals of cash values or any expected amounts to be received upon the future surrender of the contracts.

**Line 17.** Identify the available investment options under the contract. Check all boxes that apply, even if one or more options are not chosen.

IF...	THEN check box for...
No specified investment option is available (for example, when only a guaranteed cash value schedule is specified), regardless of whether or not policyholder dividends may be paid	<i>No option.</i>
Fixed or variable rates of interest are specified, but there is no possibility that the market value of the contract cash value may decline due to changes in the market pricing of shares	<i>Guaranteed interest.</i>
Investments in bond, equity, or blended funds are available, and the cash value of the contract depends on the market value of the underlying investments	<i>Bond or equity funds.</i>
The contract provides other types of investment options, including options that offer additional guarantees as to the contract cash value (for example, contracts that guarantee a fixed or variable floor on cash values in situations where the market value of the underlying investments declines)	<i>Other. Provide a description in the space provided.</i>

**Lines 18a through 18c.** Enter the number of insured males and insured females for each contract form on line 18a. Specify the average age at issue of all insureds for each contract form

on line 18b, and specify the youngest and oldest insured for each contract form on line 18c.

**Lines 19a and 19b.** Enter on line 19a the number of insureds that are donors to your organization. On line 19b, enter the aggregate value of the donations received by your organization from individuals insured under each contract form. These values are those applicable to the calendar year most recently completed prior to the structured transaction date (reported on line 1).

**Line 20.** Attach a detailed description of the structured transaction. Your description must:

- State all material facts that are relevant to understanding the structure, economic benefits, and tax consequences of the structured transaction;
- Identify the owners and beneficiaries of the applicable insurance contracts;
- Describe the nature of the cash flows among parties described on lines 8a through 8l, and between such parties and your organization, including the methods used to allocate earnings and insurance benefits;
- Identify recipients or payers of any residual surplus or deficit amounts; and
- If interest rates are fixed by contract, provide the specific rates and terms, and if variable, identify the index(es) and spread(s).

**Line 21.** Attach copies of related documents, including representative copies of applicable insurance contracts issued as part of the structured transaction for which this Form 8921 is being filed. Also include any contracts governing the obligations of persons described on line 8a and any agreements covering the relationship of your organization to such persons. Include promotional materials (including financial projections) provided to your organization, to your donors, or to other persons who have directly or indirectly held an interest in the applicable insurance contracts.

## Part IV. Signature

An authorized individual must sign and date the Form 8921 for your organization. Enter that individual's name, title, and telephone number in the spaces provided.

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**Paperwork Reduction Act Notice.** You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file these forms will vary depending on individual circumstances, such as the complexity of the section 6050V structured transaction and the number of individuals insured under the applicable insurance contracts. The estimated burden of applicable exempt organizations filing these forms is approved under the OMB control number 1545-2083 and is shown below.

<b>Recordkeeping</b> . . . . .	33 hrs., 43 min.
<b>Learning about the law or the form</b> . . . . .	47 min.
<b>Preparing, copying, assembling, and sending the form to the IRS</b> . . . . .	1 hr., 22 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Department of the Treasury, Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *When and Where to File* on page 1.

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