

# Fulcrum Partners LLC

## Bank Owned Life Insurance (BOLI)

Bank Owned Life Insurance (BOLI) is a popular financial strategy utilized by banks for over two decades. But what exactly is BOLI and why do banks purchase it?

Banks use BOLI to insure their key officers and executives. In a bank owned life insurance policy, the bank functions as the policyholder and the beneficiary of the life insurance.

The bank may hold as much as 25 percent of Tier 1 Capital. By purchasing BOLI, banks may realize higher tax equivalent yields than through many traditional bank investments. Moreover, BOLI delivers income for a bank in two ways:

- ◆ tax deferred growth of the cash surrender value is recorded as non-interest income, *and*
- ◆ non-taxable insurance proceeds that are paid to the bank upon the death of the insured officer.

Learn more about the Fulcrum Partners executive benefits advisory team at [Fulcrum Partners Managing Directors nationwide directory](#).



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