

MEMORANDUM

TO: Our Advanced Underwriting Advice Clients

FROM: Lawrence Brody, Esq.
Bryan Cave LLP

DATE: July 16, 2002

RE: Our Initial Memorandum on the Proposed Regulations

I'm attaching a copy our "first take" memorandum on the proposed Regulations on split-dollar; you will note that this memorandum is not as much a detailed analysis of the proposed Regulations themselves, but is more an analysis of how they either are the same as or differ from the expected proposed Regulations described in Notice 2002-8. Where appropriate, we have also tried to indicate how these proposed Regulations will effect split-dollar arrangements entered into after they are finally adopted.

As with our various memoranda on Notice 2002-8, the critical initial point to be made about these proposed Regulations is that they will only apply to split-dollar arrangements entered into after they are adopted as final Regulations (unless a previous arrangement is "materially modified" after they become final). Until then, the provisions of Notice 2002-8 (and if helpful, the provisions of Notice 2001-10) will continue to govern all pre-existing arrangements and all new arrangements entered into before the proposed Regulations become final.

As with all of our memoranda, please feel free to contact me by telephone or e-mail with any questions, comments or corrections you have.