

Instructions for Forms 8921 and 8922

(March 2007)



Department of the Treasury
Internal Revenue Service

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

General Instructions

Purpose of Forms

Generally, an applicable exempt organization must file a Form 8921 for each structured transaction under which it makes reportable acquisitions of applicable insurance contracts. The applicable exempt organization must file a Form 8922 for each type of insurance contract and each contract form that is issued as part of a structured transaction required to be reported on Form 8921. See *When and Where to File* below regarding the filing deadlines for Forms 8921 and 8922. For more information on the reporting requirements, see section 6050V. See *Definitions* below for terms used in these instructions.

Who Must File

Applicable exempt organizations must file Forms 8921 and 8922 if they acquire a direct or indirect interest in an applicable insurance contract after August 17, 2006, and on or before August 17, 2008. Form 8921 must be filed (regardless of the date the structured transaction was entered into) if any applicable insurance contract is acquired after August 17, 2006, and on or before August 17, 2008.

How to Complete Forms

In order to be considered complete, Forms 8921 and 8922 must be completed in their 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 and the structured transaction identifier (STI) at the top of each additional sheet.

Round off cents to whole dollars.

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 within 60 days of making the first such reportable acquisition relating to each structured transaction; however, no forms are required to be filed before May 1, 2007. A separate Form 8922 must be filed for each type of applicable insurance contract issued as part of the structured transaction and for each contract form. Contract forms differ if the contract terms (including premium, investment, or withdrawal options) differ.

If any information required by Form 8921 is unavailable at the time of its initial filing, or if any information already provided changes, then an amended Form 8921 must be filed by October 1, 2007 (with respect to changes effected on or before August 17, 2007), or by October 1, 2008 (with respect to changes effected on or before August 17, 2008, but after August 17, 2007).

Reportable acquisitions relating to each type or form of insurance contract must be reported on separate Forms 8922. If any information required by Form 8922 is unavailable at the time of initial filing, an amended Form 8922 must be filed. Forms 8922 must be filed according to the following schedule.

IF reportable acquisitions were made after...	AND on or before...	THEN file Form 8922 by...
August 17, 2006,	February 17, 2007,	May 1, 2007
February 17, 2007,	May 17, 2007,	August 1, 2007
May 17, 2007,	August 17, 2007,	November 1, 2007
August 17, 2007,	November 17, 2007,	February 1, 2008
November 17, 2007,	February 17, 2008,	May 1, 2008
February 17, 2008,	May 17, 2008,	August 1, 2008
May 17, 2008,	August 17, 2008,	October 31, 2008

Where to send. Send Forms 8921 and 8922 to the following address.

Internal Revenue Service
Ogden, UT 84201-0027

If filing using a private delivery service, send Forms 8921 and 8922 to the following address.

Internal Revenue Service
1973 N. Rulon White Blvd.
Ogden, UT 84404

Penalty

There is a monetary penalty under section 6721 for the failure to file a required Form 8921 or Form 8922 on or before the required filing date. See *When and Where to File*. Other penalties are imposed for the failure to include all information and required attachments, or for the inclusion of incorrect information. The penalty is generally \$50 per failure, not to exceed \$250,000 during any calendar year, but may be less in certain cases. 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 when 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). 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 contract's insured that is independent of the applicable exempt organization,
- 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 a beneficiary of one or more trusts holding an interest in the contract, or a trustee who holds an interest in the contract solely in a fiduciary capacity. See section 6050V(d)(2).

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, or STI, is a 13-digit number used to identify the structured transaction for which a Form 8921 is being filed. See instructions for Line 2 of Form 8921.

Specific Instructions for Form 8921

Part I

Line 1

Enter the date that your organization entered into the structured transaction.

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 and related Forms 8922 are being filed. It should be entered in Line 2 of all Forms 8922 associated with this particular section 6050V structured transaction, on all additional sheets attached to Form 8921 or to Form 8922, and on all other required attachments to Form 8921 or Form 8922.

The STI consists of two parts. The first part (before the dash) is your organization's nine-digit taxpayer identification number. The second part of the STI is a four-digit sequence number that is unique for each structured transaction. For example, if this is the sole structured transaction entered into by your organization, enter 0001 as the sequence number. If your organization is a party to a second structured transaction, enter 0002 for that transaction.

Line 3

Check this box if this is an amended Form 8921. An amended form must be filed if there is any material change in the terms or relationships in a structured transaction. An amended form must also be filed in order to correct any errors in an initial Form 8921 filed by your organization.

Line 4

Enter the name, taxpayer identification number, mailing address, internet address, and the state or country in which your organization is organized.

Line 5

Check all boxes that describe your organization's role in the structured transaction.

Line 7

Columns a and b. Enter the name and mailing address of any person known to hold (directly or indirectly) an interest in the

applicable insurance contracts or who otherwise have received or will receive amounts from the structured transaction being reported on this Form 8921. Do not include your organization. Do not list any insured, unless that person has an interest in the applicable insurance contracts or the structured transaction other than as an insured. Attach additional sheets, if necessary.

Column c. Check all the boxes that describe the role of that person in the structured transaction. If "Other" is checked, provide a description in the space provided.

Column d. Check the appropriate box that describes that person's legal form. If "Other" is checked, provide a description in the space below the check box.

Column e. Check the "Foreign" box if the person is a foreign entity not subject to U.S. federal income tax. Check the "Tax-Exempt" box if that person is an applicable exempt organization.

Cash flow under the structured transaction

For lines 8 through 11, follow the instructions below for *Column I*, *Column II*, *Column III*, and *Future amounts*.

Column I. Report amounts paid or received (or expected to be paid or received) prior to the second anniversary dates of the applicable insurance contracts.

Column II. Report amounts expected to be paid or received on or after the contracts' second anniversary dates.

Column III. Add the amounts in columns I and II and enter the total in column III.

Future amounts. Future amounts are to be estimated expected values, based on contract terms and/or amounts shown in promotional or other materials.

Line 8

Report the premiums or other considerations that have been paid or are expected to be paid with respect to the applicable insurance contracts covered by the structured transaction. Include amounts paid by your organization and amounts paid to insurers by other parties to the structured transaction.

Do not reduce gross premiums by amounts received as policyholder dividends, policy loans, cash value withdrawals, or policy surrenders.

Line 9

Report insurance or annuity benefit amounts received (or expected to be received) from the applicable insurance contracts covered by the structured transaction. Include all amounts to be received from the insurance contracts by any parties to the structured transaction.

Line 9c. Report amounts received (or expected to be received) as withdrawals of cash values, contract surrenders (net of any surrender charges or adjustments), or as policyholder dividends paid in cash or deposited in an interest bearing account. Do not include policyholder dividends used to buy supplemental insurance.

Line 9e. Report any other source of receipts associated with the applicable insurance contracts.

Combine all amounts from lines 9a through 9e and enter on line 9f.

Line 10

Report amounts received (or expected to be received) by your organization under the structured transaction. Include all amounts to be received by your organization from any other parties to the structured transaction. Any amounts paid by other parties directly to insurance companies as premiums or other consideration should also be included. Also treat any amounts paid by other parties directly to brokers, advisors, or similar parties as amounts received by your organization. See *Direct payments to brokers and similar persons* below.

Line 10b. Report amounts received or expected to be received from persons (other than lenders) that furnish funds in the anticipation of earning an investment return.

Line 10c. Report amounts received (or expected to be received) from persons other than lenders or investors (for example, brokers or advisors).

Lines 11a through 11d

Report amounts paid (or expected to be paid) under the structured transaction by your organization or directly from an applicable insurance contract. Include all amounts to be paid by your organization to any other parties to the structured transaction. Any amounts paid to other parties directly by insurance companies as benefits or other payments from applicable insurance contracts should also be included. Also treat any amounts paid by other parties directly to brokers, advisors, or similar parties as amounts paid by your organization. See *Direct payments to brokers and similar persons* below.

How to distribute amounts. Distribute amounts according to whomever ultimately receives payment. For example, if amounts are first paid to a trust or other account and are ultimately distributed to one or more investors and lenders, report the initial payment amount as being paid to the investors or lenders, respectively.

Line 11a. Report amounts paid (or expected to be paid) to persons participating as lenders in the structured transaction. Reported amounts should include both payments of interest and repayments of principal.

Line 11b. Report amounts paid (or expected to be paid) to persons (other than lenders) that furnish funds in the anticipation of earning an investment return. Reported amounts should include both earnings and payments of invested principal.

Line 11c. Report any amounts paid (or expected to be paid) to persons other than lenders or investors (for example, brokers or advisors).

Direct payments to brokers and similar persons

If persons to the structured transaction contribute to a trust or other arrangement that pays out fees or similar monies to brokers or other persons (without going through your organization or an applicable insurance contract), report these amounts as follows. Report the amounts as amounts received by your organization on the appropriate line 10(a) through 10(c). Also, include these amounts as funds paid by your organization to other parties (line 11(c)).

Line 12

Provide a description of the structured transaction. Include all facts that may be relevant to understanding the structure, economics, and tax consequences of the structured transaction. In particular:

- Identify the persons providing funds to pay insurance premiums and explain the determination of their share of such premiums;
- Report the aggregate anticipated death or annuity benefits amounts to be paid under the transaction and explain the allocation of these amounts to the parties to the structured transaction;
- State explicitly any percentages, formulas, interest rates, dollar amounts, etc. used to allocate the financial obligations of the interested persons and the distribution of earnings or insurance benefits to such persons; and
- Identify recipients or payers of any residual surplus or deficit. If interest rates are fixed by contract, provide the specific rates and terms; if variable, identify the index(es) and spread(s).

Continue on separate sheet(s) if necessary.

Line 13

Attach copies of all documents related to the section 6050V structured transaction. Include any documents or contracts governing the relationships amongst any and all parties to the structured transaction. Attach all materials used to promote or inform about the structured transaction, including any financial projections, that were given to your organization, donors, prospective insureds, and other parties that had an interest in the structured transaction.

Part II

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.

Specific Instructions for Form 8922

Part I

Line 1

Enter the date on which your organization entered into the structured transaction, as reported on line 1 of the filed Form 8921.

Line 2

Enter the STI assigned to the structured transaction for which this Form 8922 is being filed. See line 2 of the Specific Instructions for Form 8921. It should also be entered on all additional sheets attached to Form 8922 and on all other required attachments to Form 8922.

Line 3

An additional Form 8922 must be filed if there are additional reportable acquisitions relating to a given structured transaction that have not been reported on previously filed Forms 8922. Enter in line 3a a four-digit Form 8922 sequence number for this Form 8922. For example, if this is the initial Form 8922 associated with a Form 8921 (uniquely identified by its structured transaction identifier (STI)), enter 0001. Enter 0002 if this is the second Form 8922 filed with respect to the same Form 8921, and so forth. For the filing schedule for Forms 8922, see *When and Where to File* on page 1.

An amended Form 8922 must also be filed in order to correct any errors on previously filed Forms 8922. Enter the same Form 8922 sequence number on the amended form as was entered on the original. Check the box in line 3b if this is an amended Form 8922. Amended Forms 8922 should be filed in a timely manner upon discovery of the error(s).

Line 4

Enter the name, mailing address, and taxpayer identification number of your organization.

Line 5

Enter the name, mailing address, and taxpayer identification number of the issuer of the insurance contracts being reported on this Form 8922.

Line 6

Check the box that appropriately identifies the type of applicable insurance contract being reported on this Form 8922. An immediate annuity is a contract under which the first benefit payment is due in one payment intervals (for example, monthly) from the date of purchase. Under a deferred annuity, payments begin, if at all, at a later date.

Line 7

Enter a contract form identifier (number or name) that is used to identify the contract form being reported on this Form 8922. A Form 8922 need not be filed for each contract, but a Form 8922 must be filed for each different contract form. Contract forms differ if the contract terms (including premium, investment, or withdrawal options) differ. Use this identifier on any subsequent Form 8922 that reports additional contracts using that particular contract form.

Line 8a

Check the "Your organization" box if your organization is an owner of the contracts being reported on this Form 8922. If other persons are contract owners, check the "Other" box, and enter their names in the space provided to the right of the box.

Line 8b

Check the "Your organization" box if your organization is a beneficiary of the contracts being reported on this Form 8922. If

other persons are contract beneficiaries, check the "other" box, and enter their names in the space provided to the right of the box.

Line 9

Check the "Fixed" box if premium obligations are fixed in amount and periodicity by the insurance contract. Check the "Discretionary" box if premium amounts and timing are determined at the discretion of the contract owner.

If premiums are fixed by contract, enter the premium term in years on line 9b. If the premiums are to be paid over the life of the insured(s), check box for the life of the insured.

Line 10

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, where only a guaranteed cash value schedule is specified), regardless of whether or not policyholder dividends may be paid.	No Option
Fixed or variable rates of interest are specified in the contract, but where there is no possibility that the market value of the contract cash value may fall due to changes in market pricing of shares.	Guaranteed Interest Funds
Investments in bond, equity, or blended funds are available, and where the cash value of the contract depends on the market value of the underlying investments.	Bonds or Equity Funds
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).	Other

Lines 11a and 11b

Check the box in line 11a if the contracts have an endowment feature. If so, check the appropriate box in line 11b that best describes the feature, and enter the requested information. An endowment feature is one that pays a benefit if the insured survives to a specified date or age. The ability to receive the contract's cash value on demand is not an endowment feature.

Line 15

Complete these lines if the contract type is an immediate annuity. Check if the payments are fixed or variable. Payments are variable if dependent upon a fund value or other index (other than a price index).

Line 17

List the insureds covered by the applicable insurance contracts to which this Form 8922 pertains. Attach additional sheets if necessary.

Box 1e. Relation to organization resulting in an insurable interest. If the insured is a donor of your organization, and donor status provides an insurable status with respect to your organization in your state or other jurisdiction, then check the "Donor" box. Enter the total amount of donations received from the insured within the past 12 months prior to his or her

becoming an insured in item 2. Otherwise, check the "Other" box and write a brief description of the relationship that establishes an insurable interest in the insured by your organization.

Box 1f. Number of insured. Enter the number of the insured for each contract. If the contract insures a single individual, enter "1 of 1." However, if a single contract covers more than one insured, list each insured separately, but consecutively, and enter the number of the insured. For example, if a life insurance contract is a "second-to-die policy," then list the two insureds consecutively, enter "1 of 2" for the first listed individual and "2 of 2" for the second listed individual. For policies with multiple insureds, enter the amounts for Boxes 3 to 5 on the line containing the first named insured.

Box 3. First-year premium or other consideration. Enter the premiums paid or due in the first policy year (that is, those premiums prior to the first policy anniversary date) on the applicable insurance contract for each named insured.

Box 4. Death or endowment benefit. If the applicable insurance contract is a life insurance contract, enter the amount of death or endowment benefits. If the amount of death benefit can change over time, enter the initial benefit amount.

Box 5. Monthly annuity. If the applicable insurance contract is an immediate annuity policy, enter the monthly annuity amount. If the annuity pays more or less frequently than monthly, enter the monthly equivalent amount. For example, if an annuity pays annually, enter one-twelfth of the annual amount.

Part II

An authorized individual must sign and date the Form 8922 for your organization. Enter that individual's name, title, and telephone number in the spaces provided.

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 XXXX-XXXX and is shown below.

Recordkeeping	Xhr., Y min.
Learning about the law or the form	X hr., Ymin.
Preparing, copying, assembling, and sending the form to the IRS	X hr., Ymin.

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 Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the forms to this address. Instead, see *When and Where to File* on page 1.