

23-146 CONNELLY V. UNITED STATES

DECISION BELOW: 70 F.4th 412

LOWER COURT CASE NUMBER: 21-3683

QUESTION PRESENTED:

Closely held corporations often enter into agreements requiring the redemption of a shareholder's stock after the shareholder's death in order to preserve the closely held nature of the business. Corporations that enter such agreements often purchase life insurance on the shareholder in order to fund the transaction. The question presented is:

Whether the proceeds of a life-insurance policy taken out by a closely held corporation on a shareholder in order to facilitate the redemption of the shareholder's stock should be considered a corporate asset when calculating the value of the shareholder's shares for purposes of the federal estate tax.

CERT. GRANTED 12/13/2023