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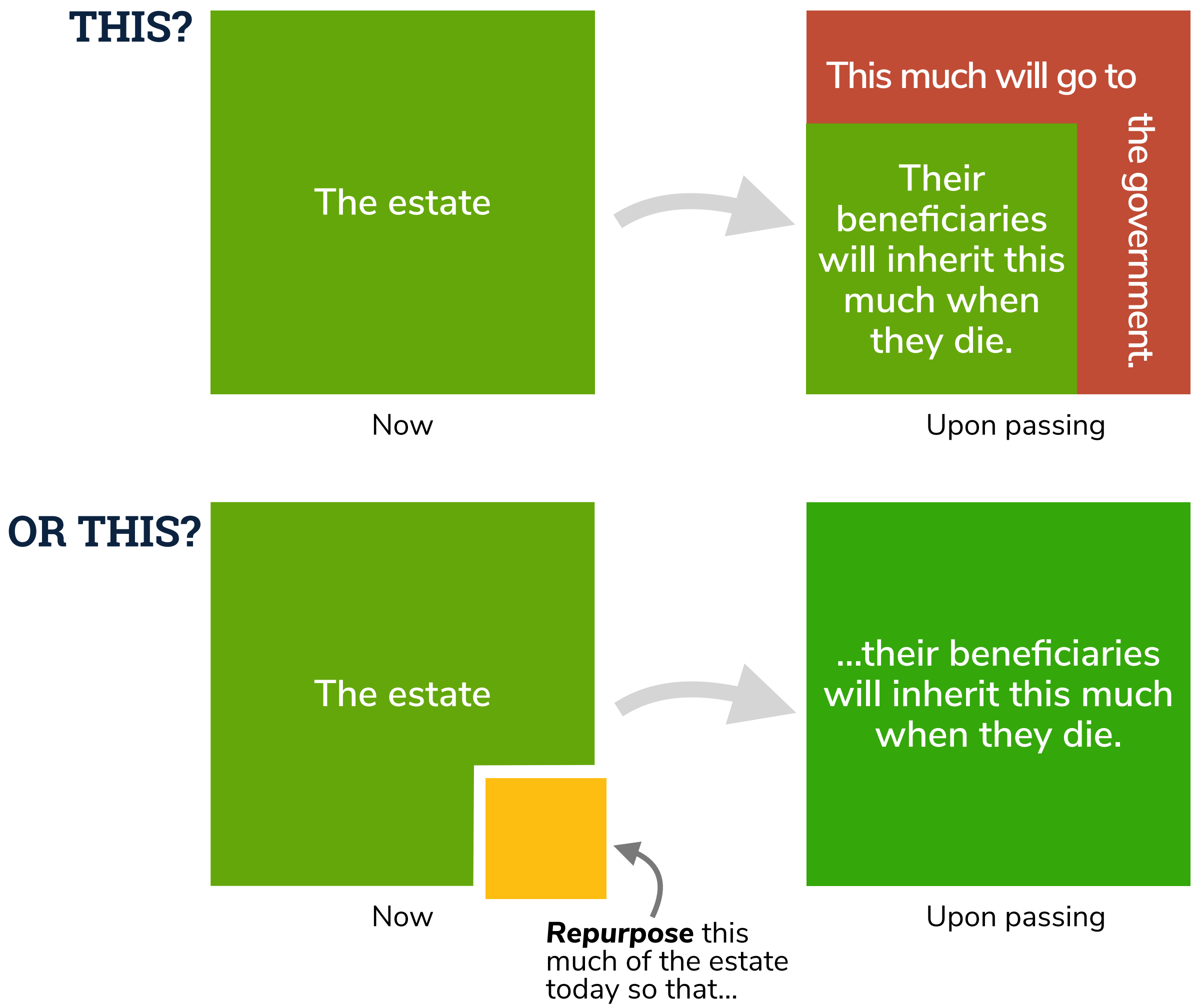
SOME OR ALL?

When it comes to legacies, there are two choices.

They worked hard. They took risks. They made investments. Years of dedication and careful nurturing have rewarded them with something to be proud of. And as they contemplate how the next generation will receive their gift, it turns out they may have an extra beneficiary that could end up with the lion's share of their efforts: the government. They can pass on a fraction of their estate, or with some early planning, they can make sure their beneficiaries get all of it. And then some.

Which do you think they would prefer?

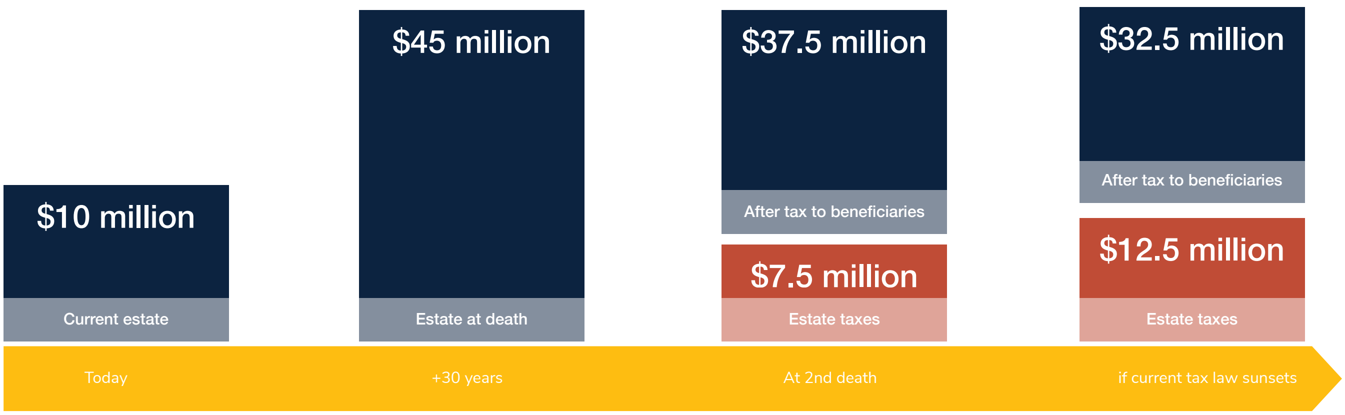


Funding a tax-free legacy plan costs less than you think and can guarantee that beneficiaries receive as much as possible.

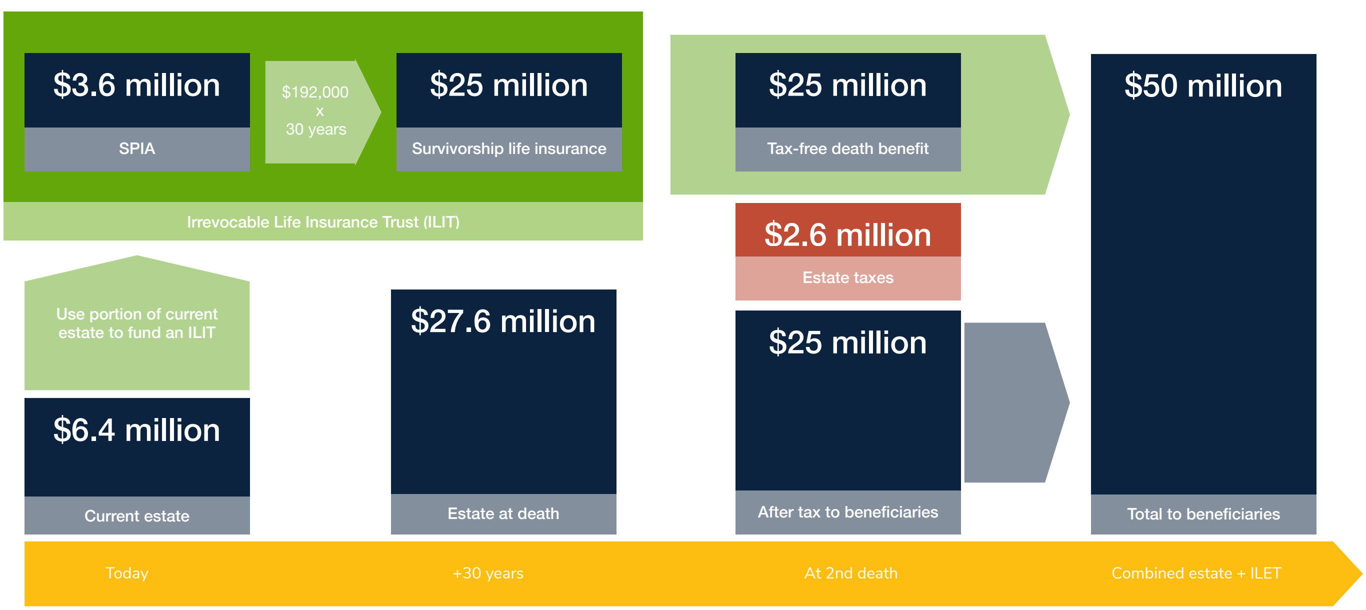
Talk with us about estate and legacy protection solutions.

Estate Protection Case Study

John and Jane, a wealthy couple with six children, and a net worth of over $10 million were concerned about the future of their estate. They are worried about future economic conditions and they have heard rumors of increasing taxes and “sunsetting” of certain estate tax laws. They decided to consult with their financial professional to explore their options. At the initial meeting with their financial advisor, an estate attorney, and their accountant they reviewed their current estate “plan”. The couple had done little more than invest their assets and manage their successful family business. They identified to-do’s such as updating of wills, powers of attorney, etc. They also identified and discussed goals, probate procedures, and estate taxes. ***At this meeting they decided their goals were to responsibly grow their estate over the rest of their lives, maximize the transfer of assets to their children, grandchildren, and charities, and minimize estate and gift taxes.*** Their advisor showed them that under current laws, the likely outcome of their current plan would be that, even though their estate would have grown to $45 million by their life expectancy, only $37.5 million would pass to their successors after taxes. To make matters worse, if the current tax laws were to sunset, and estate exclusion amounts were lowered as planned in 2025, then the bequest would decrease by millions.



The couple decided that to maximize their bequest, they would purchase a second-to-die life policy inside of an irrevocable life insurance trust (ILIT), which would be funded by an annual premium payment of $192,000 (the total of their annual allowable gifts to each of their children: $16,000 x 2 x 6). This type of policy covers both John and Jane, and pays out a death benefit when the second person passes away. The policy is typically less expensive than purchasing two separate policies, and it provides a larger death benefit than a single policy. To ensure that nothing disrupts the plan, the ILIT is funded immediately with a lump sum that buys an immediate annuity that will pay the premium payments for both Jane and John’s lives, ensuring the insurance policy will never lapse.



After 30 years, the investable estate has grown to $27.6 million, and upon Jane and John’s death, estate taxes are reduced to $2.6 million, leaving $25 million after taxes. Combined with the tax-free life insurance benefit the total amount to the beneficiaries is now $50 million.