Estate planning
Irrevocable life insurance trust

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

Helping clients maintain their estate assets

Irrevocable life insurance trust (ILIT)

Your sales opportunity

High net worth clients who need liquidity outside of their estate, have estates valued high enough to be subject to estate taxes (federal and/or state), or wish to protect assets outside of their estate for creditor protection or legacy planning.

Solution: Irrevocable life insurance trust

An ILIT is a trust created to own life insurance outside your client's estate. If the ILIT is drafted and administered properly, the death benefit from the policy (owned inside the ILIT) is not subject to income or estate taxes upon your client's death.*

Features:

- Life insurance policy is owned by an irrevocable trust, placing it outside of your client's taxable estate
- If drafted properly, protects assets from creditors
- Allows control of assets on your client's terms for the heirs/beneficiaries of the trust
- Assets inside of trust can be used for liquidity purposes to pay estate taxes, without increasing the value of the taxable estate

An ILIT may be for people who:

- Wish to minimize their estate, inheritance and/or gift taxes
- Need liquidity for estate taxation
- Want to protect assets from creditors
- Wish to protect assets on behalf of their heirs
- Want to maintain the policy's death benefit outside the taxable estate

Target clients

- Married, with a desire to access cash value inside an ILIT
- Have or will have a federal (estates over $12.92M in 2023) or state estate tax liability
- Wish to protect and grow assets outside of their estate
- Want to protect the management of assets and ensure responsible behavior of minor beneficiaries, those receiving government aid, or someone who demonstrates less responsible behaviors
- Want to protect assets from creditors
- Want to control the distribution of assets to the beneficiaries

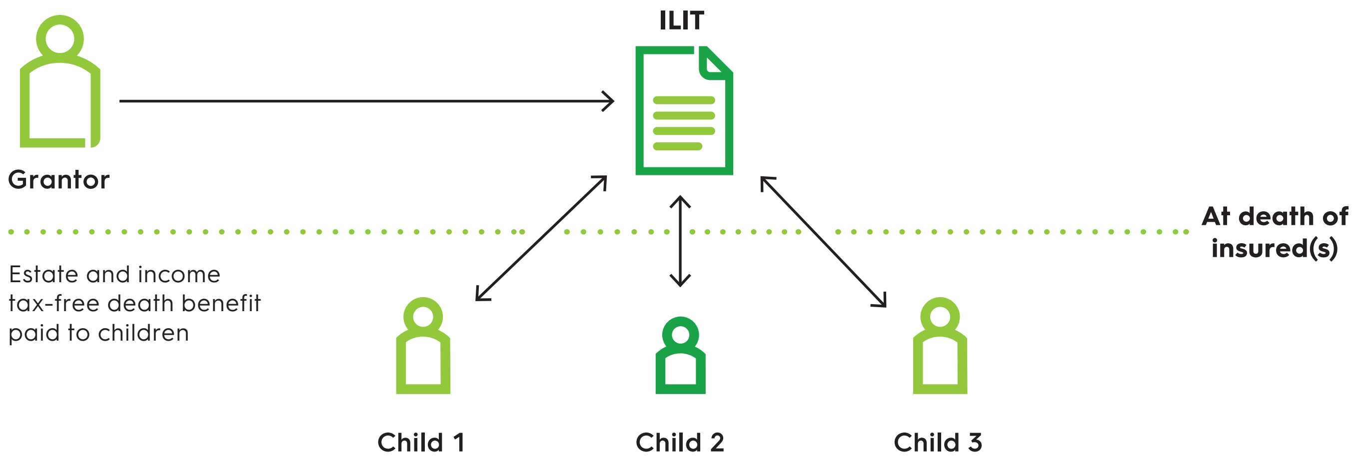
*If owner/insured are different, the death benefit will be paid upon death of the insured.

How it works

- Client(s) hire an attorney to draft the trust document.
- They name an independent trustee to administer the trust.
- The trustee applies for life insurance on the life (lives) of the client setting up the trust (the "grantor").
- Client makes annual, or a lump sum, gift(s) to the trustee to pay life insurance premiums.
- At the grantor's death, the life insurance benefit is paid to his/her heirs.

The annual gift tax exclusion for 2023 is $16,000

Irrevocable life insurance trust



Benefits

If properly administered and drafted, an ILIT:

- May reduce both federal and state estate taxes by taking death benefit proceeds out of the estate
- Provides liquidity at death to pay estate taxes or increase the amount beneficiaries receive
- Allows professional management of trust assets, if a corporate trustee is used
- Protects the trust assets from beneficiaries' creditors
- Allows an independent trustee (such as a corporate trustee) absolute discretion to make distributions to the beneficiaries.

Considerations

- Desired annual life insurance premium may be higher than annual exclusion gifts
- The grantor cannot terminate the ILIT once it is established
- If circumstances change, the grantor is not able to change the terms of the trust after it is established
- Assets in an ILIT are not available for the grantor's access or use
- Assets transferred into the ILIT may only be used for the benefit of trust beneficiaries — the grantor should not and cannot have access to them

Learn more

To learn how an irrevocable life insurance trust can help build a secure financial future for your clients and their families, contact your Life Sales Support Team today:

1-877-696-6654 (Securian Financial and broker-dealer)
1-888-413-7860, option 1 (independent brokerage)

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

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