



# Life Insurance: Your Blueprint for Wealth Transfer Planning

**Get the Most from Your ILIT**

## Life Insurance:

# Get the Most from Your ILIT

You've worked hard throughout life to provide your family a secure financial future. That's why you want to make sure that your wealth is passed on as efficiently as possible. Did you know that life insurance can be an effective way to increase the amount of wealth you pass on to your children and grandchildren? That's because policy death benefits are generally income tax free and almost always exceed the premiums paid.

To further maximize the wealth you pass on to the next generation, the use of an Irrevocable Life Insurance Trust (ILIT) is generally a reliable policy ownership strategy that can also protect the policy from federal estate taxes while at the same time preserving its income tax advantages.

### How Does an ILIT Acquire Life Insurance Policies?

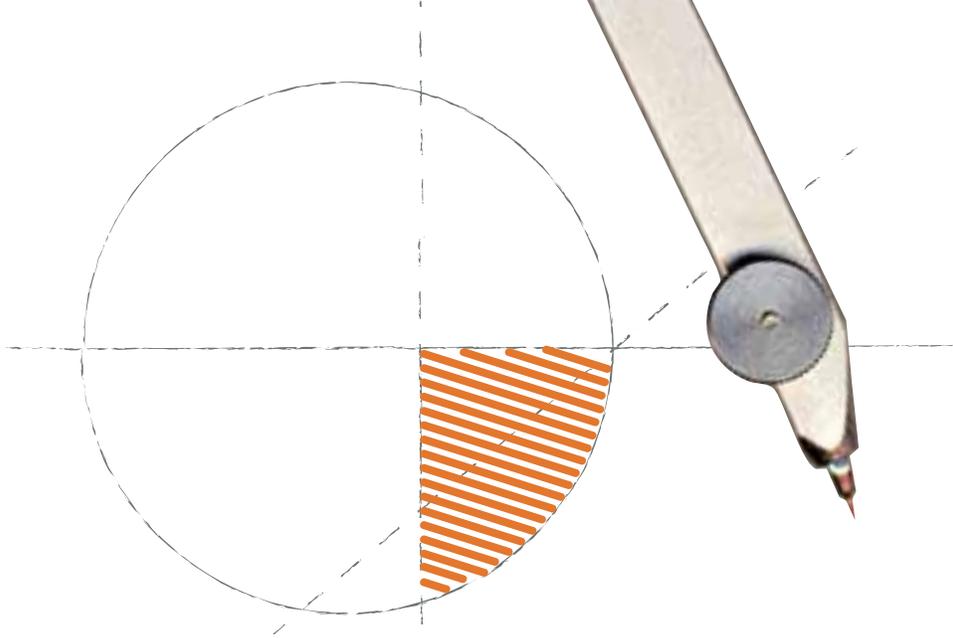
- The grantor of the ILIT may contribute life insurance policies he/she already owns to the trust; or,
- The grantor supplies funds to the trust so the trustee can purchase the policies directly from the insurance company.

In either case, there is usually an expectation that the trustee will facilitate the payments and hold the policies until the insured dies. However, it's important to know that this "buy and hold" approach to managing the life insurance policies may not always maximize the ILIT's value for its beneficiaries. The trustee must be very aware of how a life insurance policy works.

### Is Your Trustee Experienced with Life Insurance?

For someone not familiar with life insurance, managing life insurance policies can be a challenge. Because life insurance policy values can change considerably over time, your trustee needs to know how to deal with potential problems and opportunities, such as:

- Lack of cash needed to pay premiums
- Less-than-expected policy performance
- Changing family or financial situations that require adaptation when the trust cannot be amended
- Federal and/or state law changes that may negatively impact the policy or the trust itself
- New life insurance products that may offer more potential benefits and fewer risks
- Improvement in the insured's underwriting classification



## A Strategy to Overcome Challenges

To make sure that a life insurance policy gives the trust good value, the trustee should review it on a regularly scheduled basis. In fact, many states *require* trustees to create a formal plan, called an *Investment Policy Statement*, for managing all of a trust's assets. This statement may suggest that the trustee:

1. Periodically analyze and track each policy's performance over time
2. Determine if better life insurance products are available in the marketplace
3. Retain an expert to analyze the policies and evaluate the options available.

ILIT trustees don't have to be life insurance experts themselves. Instead, they can hire a life insurance representative who is an expert in assisting with the management of policies so that the maximum benefits can be obtained.

Be sure to introduce your ING representative to your trustee today. Together they can help your ILIT efficiently pass on wealth to the next generation.

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