

Protect the Entire Family with Multigenerational Legacy Planning



Multigenerational legacy planning is a financial strategy that involves grandparents (Generation 1) buying insurance on their adult children (Generation 2) with a focus on grandchildren (Generation 3) to benefit all three generations. In order to use this strategy, grandparents need a minimum of \$2,000,000 in assets and total assets can't exceed \$5,000,000 if single or \$10,000,000 if married. They must be able to afford premiums for the long-term based on their standard of living for the foreseeable future. The total underwriting amount is based on income replacement needs for the adult children.

What does this strategy accomplish?

Grandparents (Generation 1) are able to use their assets to provide a legacy for future generations, while still maintaining control of those assets. The life insurance policy's cash value can be used to provide a source of income for retirement, educational funding or other planning goals.

Who is this strategy ideal for?

The ideal candidates are age 60 or older and don't have an estate tax exposure but want to transfer wealth efficiently to positively impact future generations. They must have adult children (Generation 2) and grandchildren (Generation 3) at time of purchasing the life insurance policy. They must also have a comfortable lifestyle and have sufficient assets to maintain their standard of living into the foreseeable future.

Who should own the life insurance policy?

In order to prevent potential adverse gift tax consequences upon the death of the insured, it is important that either the grandparents (Generation 1) or a trust created by the grandparents is the owner and beneficiary of the policy. If Generation 1 chooses to own the policy, they should name a successor owner to avoid probate.

There are two basic ownership options, and each has advantages and disadvantages that should be considered when reviewing policy ownership arrangements. This information will help you evaluate the various options to determine which will best meet your needs.

Ownership Option 1: The Grandparents as Owner

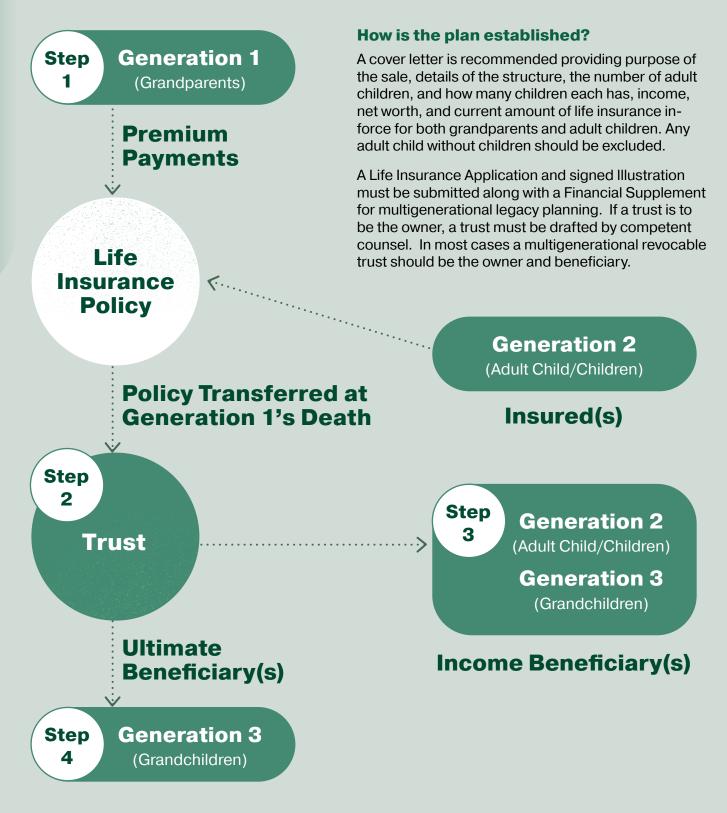
- No legal documents or administrative formalities or procedures are required.
- Generation 1 has complete control of the policy and cash value.

Ownership Option 2: Revocable Living Trust

- Because the trust is revocable, and because a member of Generation 1 typically is the trustee(s), in effect Generation 1 has complete control of the policy and cash value.
- If the trust specifies that it will become irrevocable upon the first death in Generation 1, there is greater certainty that the intended multigenerational plan will actually occur.
- Policy cash values and death proceeds can be protected from the spouses or potential creditors of Generation 2 and Generation 3 (to the extent provided by state law).
- Generation 1 can decide the disposition of the policy's cash value and death proceeds for Generation 2 and Generation 3.

How does multigenerational legacy planning work?

Permanent Life Insurance Helps Maintain Control



Note: Policy structure may vary based on client's specific needs and goals.