Maximize the legacy without giving up flexibility

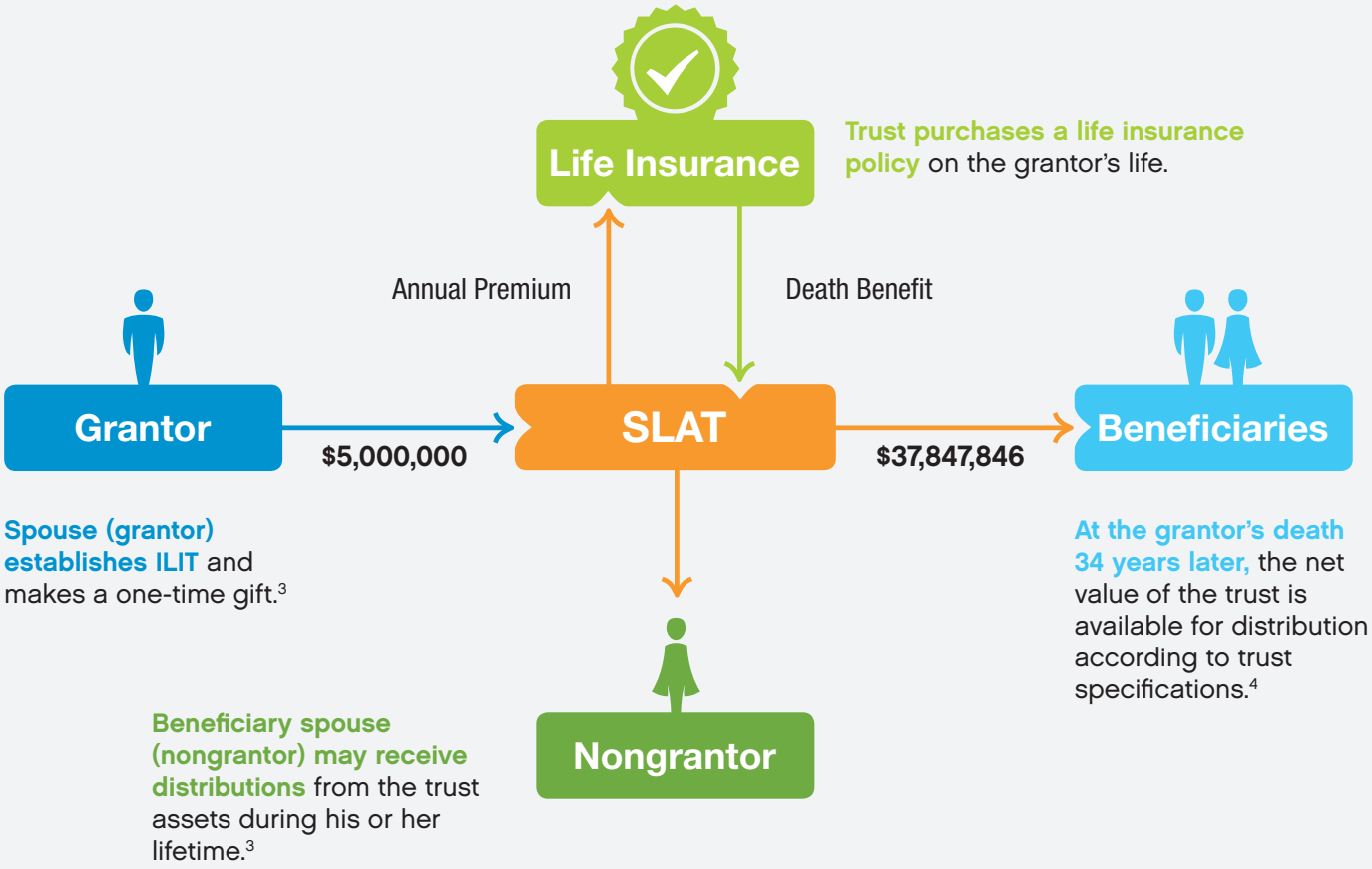
SYMETRA
RETIREMENT | BENEFITS | LIFE

Why add life insurance to a SLAT?

Not only can a SLAT help minimize estate taxes—whether that's a current concern or an anticipated one—it also gives a beneficiary spouse the flexibility to receive discretionary lifetime income from the trust. With life insurance, the trust can provide your client's beneficiaries with the best of both worlds: access to trust assets, plus a greater legacy enhanced by life insurance cash values and ultimately a death benefit received free of federal estate and income taxes.

Repositioning SLAT Assets Using Life Insurance

In this scenario, the Spouse (grantor) establishes a SLAT and makes a one-time gift of $5 million.[1,2,3] Trust assets are used to purchase a Symetra Accumulator IUL Indexed Universal Life Insurance policy on the grantor's life with 10 annual premium payments of $250,000 (55-year-old male in the Preferred Non-Nicotine rate class). The initial death benefit is $3,821,343 using Death Benefit Option B (Increasing) and switching to Option A (Level) in year 11. The initial crediting rate is 6.75% with current charges and uses the S&P 500® Index with the 1-Year Point-to-Point index crediting strategy. Remaining trust assets grow at an annual net rate of 5.75% (net 6.75% less 1% management fees). After the 34th year, the net value available for distribution includes remaining trust assets of $20,281,841 and the life insurance death benefit of $17,566,005 (not subject to federal income or estate taxes).



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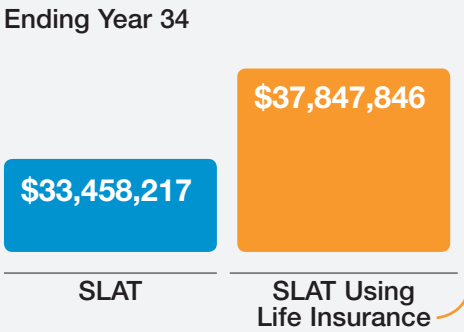
Which legacy would your clients rather leave for beneficiaries?



The Result: $4,389,630 more!

By adding life insurance to the SLAT, in this scenario, the beneficiaries would receive an additional **$4,389,630** at the grantor's death.

Call us for an illustration and see how Symetra Accumulator IUL could potentially help your clients leave more to their beneficiaries.

Contact Us

Life Sales Desk

1-877-737-3611

Weekdays, 8 a.m. to 6 p.m. ET

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Symetra Accumulator IUL is a flexible premium adjustable life insurance policy with index-linked interest options issued by Symetra Life Insurance Company, 777 108th Avenue NE, Suite 1200, Bellevue, WA 98004-5135. This policy is not available in all U.S. states or any U.S. territory; however, where available, it is usually issued under policy form number ICC17_LC1.

Guarantees and benefits are subject to the claims-paying ability of Symetra Life Insurance Company.

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Neither Symetra Life Insurance Company, nor any of its affiliates, insurance producers or representatives give tax or legal advice. Clients should consult with their tax advisor for more information.

[1] The "grantor" spouse is the person that creates the trust, selects the trust's provisions and funds the trust. The "nongrantor" is the beneficiary spouse. As a trust beneficiary, the nongrantor spouse's right to withdraw assets from the trust should be limited to the greater of $5,000 or 5% of trust assets in any one year. Clients should consult with their tax professional for more information.

[2] The gifts to the trust should come from the grantor's separate property. Failure to gift properly or having the nongrantor spouse make a premium contribution could cause the trust corpus to be included in the nongrantor's estate.

[3] Individuals can gift up to $15,000 per year, per recipient, free of federal income and estate taxes (2018). The estate tax is unified with the federal gift tax and generation-skipping transfer tax such that in 2018 the lifetime gift tax exclusion and generation-skipping transfer tax is $11.18 million (indexed for inflation) and the maximum tax rate for both of these taxes will be 40%. The estate and gift tax exemptions are set to expire on 12/31/2025. Source: "Frequently Asked Questions on Gift Taxes," IRS, accessed January 2018: https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes). Clients should consult with their tax professional for current information and an assessment of their individual situation.

[4] The trust must have a provision to purchase life insurance as a trust investment and the trustee should have authority to purchase life insurance on the grantor's life. The nongrantor spouse should not be a trustee in order to avoid inclusion of death benefits in the nongrantor spouse's estate.

[5] Loans and withdrawals are only available prior to the death of the grantor spouse and will reduce the policy death benefit and cash surrender value. This may cause the policy to lapse and may be taxable. Withdrawals or loans on modified endowment contracts (MECs) may be subject to federal income tax and an additional 10% tax on amounts taken prior to age 59½.

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