SYMETRA®
RETIREMENT | BENEFITS | LIFE

Spousal Lifetime Access Trust (SLAT)

Maximizing your legacy without giving up flexibility

Not a bank or credit union deposit, obligation or guarantee	May lose value
Not FDIC or NCUA/NCUSIF insured	Not insured by any federal government agency

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Flexible estate and asset protection planning

If you are married and have significant assets, you may already know the important role an irrevocable trust can play in protecting and enhancing your legacy for future generations. Adding life insurance can increase the value of your trust, allowing more assets to pass to beneficiaries.

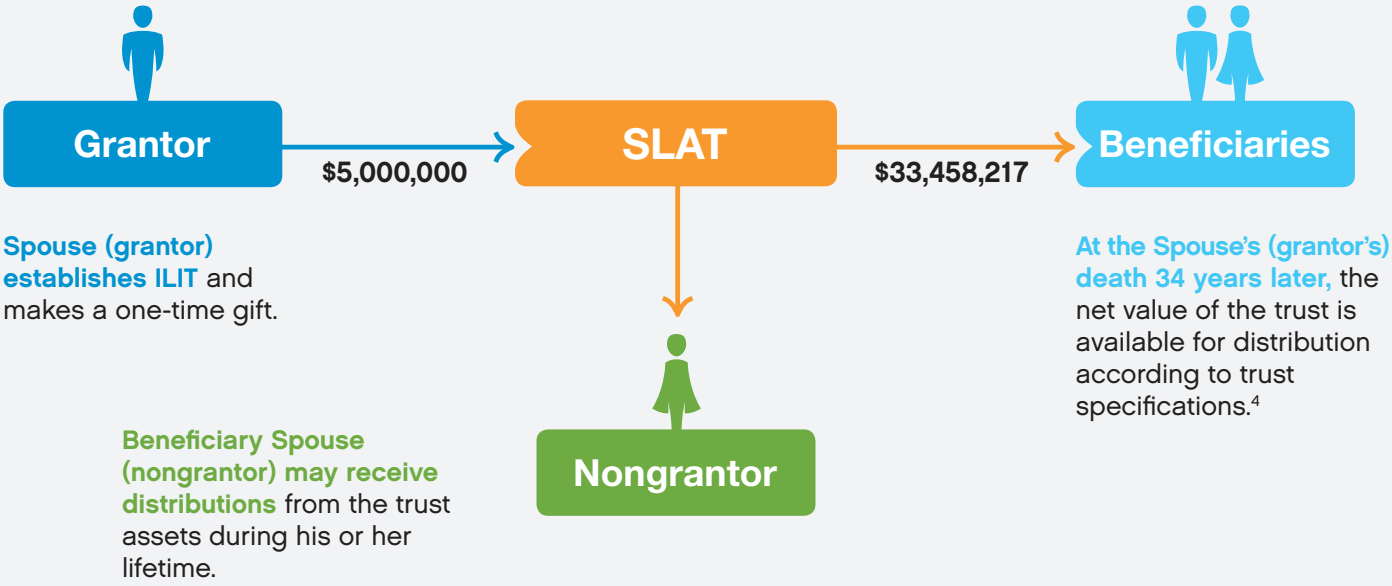
Why a Spousal Lifetime Access Trust (SLAT)?

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 (nongrantor) the flexibility to receive discretionary lifetime income from the trust.[1] Typically, the nonbeneficiary spouse (grantor) establishes and makes gifts to an irrevocable life insurance trust (ILIT), which allows assets to accumulate outside of the estate.[2,3]

If the trust is properly structured, at the death of the beneficiary spouse, any remaining assets pass to beneficiaries free of federal estate taxes.

Example 1:

Assets Pass to Beneficiaries Through the SLAT



[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. Please consult with your 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 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). For current information and an assessment of your individual situation, please consult with your tax professional.

[4] Scenario assumes a hypothetical annual net growth rate of 5.75% (net 6.75% less 1% management fees).

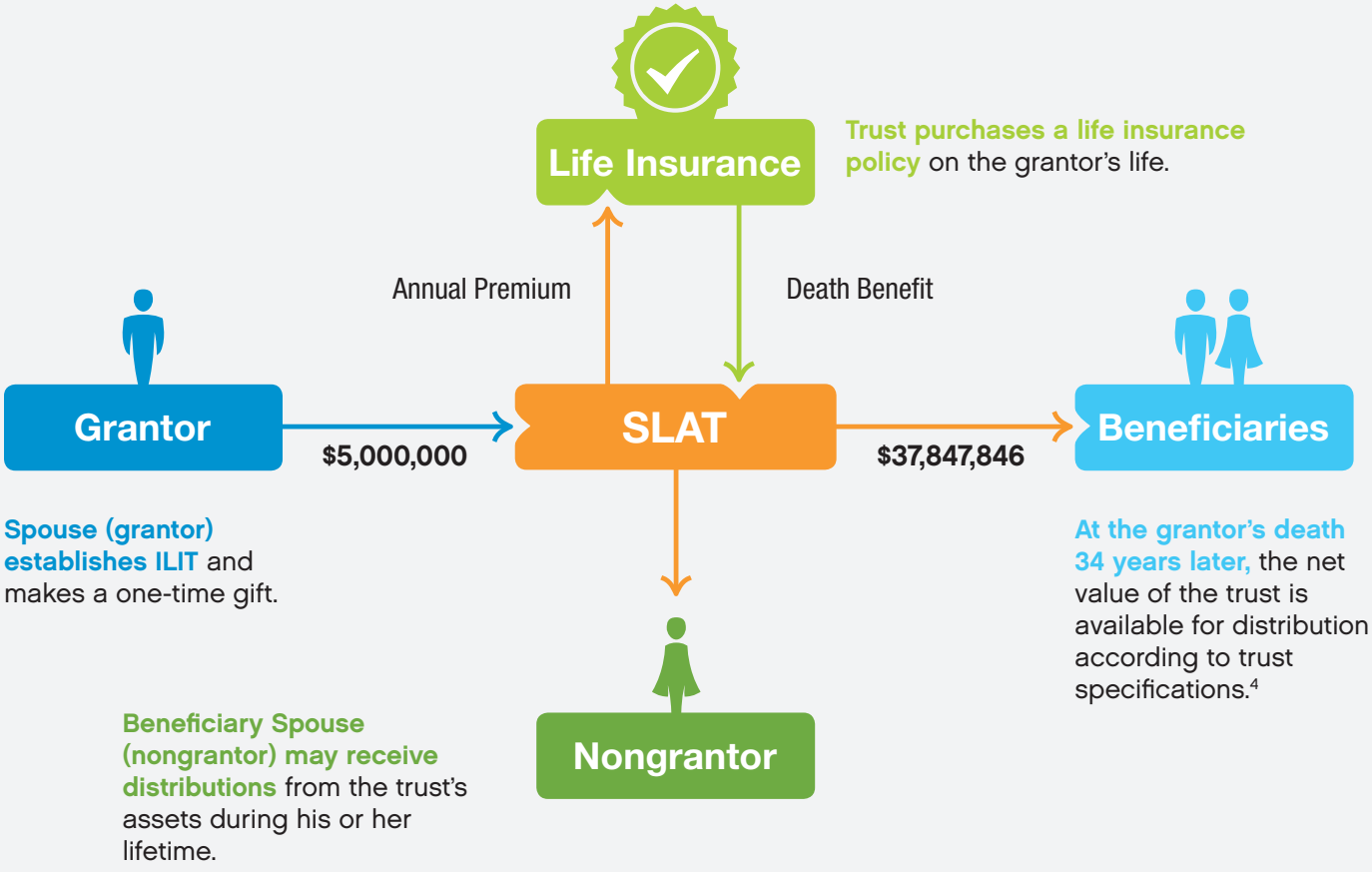
Maximize Your Legacy

In some cases, there is a reluctance to set up an irrevocable trust due to the inability to access the assets after they are transferred to the trust. With life insurance, the trust can provide 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.

Example 2:

Trust Assets are Repositioned Using Life Insurance

The assumptions are the same as in Example 1, except the trust repositions assets using life insurance.[5,6]

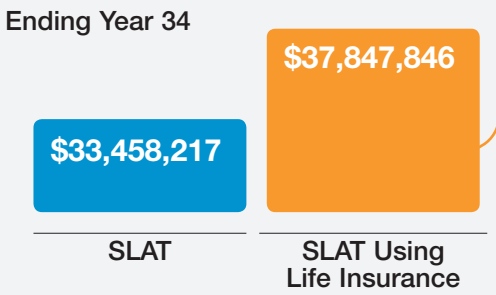


[5] This hypothetical scenario assumes the trust purchases a Symetra Accumulator IUL Indexed Universal Life Insurance policy on a 55-year-old male in the Preferred Non-Nicotine rate class with 10 annual premiums of $250,000 each. The initial death benefit is $3,821,343 using Death Benefit Option B (Increasing) 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. The remaining trust assets are assumed to grow at an average annual net growth rate of 5.75% (net 6.75% less 1% management fees). The net to the beneficiaries of $37,847,846 at the end of the 34th year includes the remaining non-insurance trust assets of $20,281,841 and the life insurance net death benefit of $17,566,005, which is not subject to federal income or estate taxes.

[6] 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. The nongrantor spouse should not be a trustee in order to avoid inclusion of death benefits in the nongrantor spouse's estate.

[7] 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 an additional 10% tax on amounts taken prior to age 59½.

Which legacy would you rather leave for beneficiaries?



The Result: $4,389,630 more!

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

How could you benefit?

Using all or a portion of trust assets to purchase a life insurance policy may provide several estate-planning benefits:

- **Tax Deferral**
  The life insurance policy's cash value grows tax-deferred, potentially reducing trust income taxes.
- **Potential Asset Protection**
  A trust can help protect assets from creditors and other unforeseen liabilities, as well as predators and spendthrift beneficiaries.
- **Control**
  Trustee distributions are made in accordance to your wishes, in that they are subject to the limitations specified in trust documents.
- **Flexibility**
  The trustee can make distributions of the trust assets, including the policy's cash value and, ultimately, the death benefit. This includes providing the nongrantor spouse with lifetime discretionary payments to cover medical expenses, education, and maintenance or support.
- **Liquidity**
  The death benefit can provide trust beneficiaries with estate liquidity.
- **Maximize Wealth Transfer**
  Life insurance proceeds are paid to the trust generally free of federal income taxes. Trust distributions to beneficiaries are free of both federal income and estate taxes.

Is a SLAT strategy using life insurance right for you?

You may benefit if:

- ☐ You have assets above the applicable exclusion amount.
- ☐ You'd like to help protect legacy assets from creditors, predators, spendthrift beneficiaries and other unforeseen liabilities.
- ☐ You'd like control over how trust distributions are made, while also providing your spouse with a flexible source of discretionary income.
- ☐ Your income needs are fully met through other sources.
- ☐ You'd like to leave a larger legacy to your beneficiaries.

If any of these apply to you, contact your insurance professional to learn more.

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

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