SOLUTION SNAPSHOT
TAX CONSIDERATIONS

What can be achieved...

- Male, Age 73 & Female, Age 72
- Goal: Determine the best path for heavily loaned policies while maintaining a second-to-die policy for estate taxes. Avoid surrendering the policies so as not to incur taxes on gains.
- Existing Coverage:
  $5M (with a $1.4M loan) second-to-die policy
  $4M (with a $500K loan) cumulative death benefit over 5 policies on Male
- Wrote $5M of second-to-die coverage plus $3M of individual coverage on Male to replace all existing policies.
- The loans were rolled over to the new policies with lower interest rates (5.05%-8.00% in the existing policies versus 0.25% net cost in the new policies). Illustrated a plan to pay off the loan for the new second-to-die policy.

OPPORTUNITY

...with the right tools...

- Healthy clients, optimal ages 50-75
- Policy loans on existing coverage that are subject to high interest rates
- A desire to pay off existing policy loans to make the death benefit whole for heirs to pay estate taxes
- Gains inside a policy that would create a taxable event if the policy were to be surrendered to pay off policy loans
- Interest in exchanging an existing policy that has a high interest rate for a new policy with a lower interest rate before taking any policy loans
- Policies at risk of becoming a MEC because the inforce ledger shows larger required premiums and loan interest than planned

IDENTIFIERS

...and the right team.

- Determine if any of your clients have an insurance need, based on the Identifiers outlined
- If you identify a potential opportunity to help your clients reach their goals, contact us to review the options

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NEXT STEPS