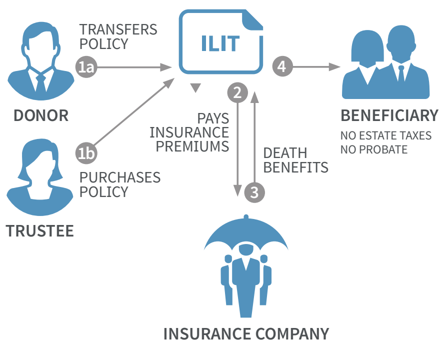
Preserve your estate while generating useful liquidity

One of the benefits of owning life insurance is the ability to generate a large sum of money, payable to your heirs federal income tax free. Yet, for wealthier individuals subject to estate tax, a good portion of policy proceeds can be lost to taxes if not properly structured. However, if that same insurance policy was owned by an ILIT or purchased by the trustee, the proceeds are no longer included in your estate for tax purposes and all the proceeds can be used to provide liquidity, guarantee an inheritance or replace lost family income.

THE ANATOMY OF AN IRREVOCABLE LIFE INSURANCE TRUST



An ILIT allows the trustee to either purchase a life insurance policy on your behalf, or transfer an existing life insurance policy into the trust. The insurance policy is now owned by the trust, and therefore the proceeds will not end up in your estate. Also, as you make gifts to fund the insurance premiums, you reduce your taxable estate. Upon death, the designated beneficiaries will receive the entire amount of the life insurance proceeds clear of probate and estate taxes, which may be used to pay off any debts or other expenses owed on the estate. Any remaining proceeds are distributed according to your instructions as specified in the trust.

BENEFITS OF AN IRREVOCABLE LIFE INSURANCE TRUST

Serves as a cost-effective estate planning strategy

Proceeds can be used to provide liquidity, guarantee an inheritance or replace lost family income

Proceeds are no longer included in your estate for tax purposes

Gifts made to fund an ILIT can help reduce the tax liability of an estate

Death benefits from a life insurance policy do not need to go through probate before being paid

Transferability of an existing insurance policy is allowed*

NEXT STEPS

Depending on your holistic vision for your estate, an ILIT can be a powerful technique for addressing your objectives.

- If transferring a business, consider your succession goals. Are you ready to relinquish control to a worthy successor?
- Work with your financial advisor or a tax professional to determine the potential tax implications of your estate and subsequent needs for liquidity.
- Have a conversation with your family and beneficiaries about your vision for your comprehensive estate, your business and your legacy.

Your financial advisor can work closely with you alongside your legal and tax professionals to provide additional guidance for setting up an ILIT and addressing each of your estate planning objectives.

Raymond James financial advisors do not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional. *In the case of a transfer, under federal tax rules, you'll have to survive such transfer for three years for the ILIT to be effective. If death occurs within three years, the proceeds will be brought back to the estate and subject to estate taxes.

Maintaining your intended legacy

AN IRREVOCABLE LIFE INSURANCE TRUST CAN HELP YOU LEAVE MORE TO THOSE YOU CARE ABOUT MOST

The owner of a boutique hotel near South Beach, Monique had always planned on leaving her estate and business to her daughter, Andria, who has helped run the place since graduation. Because Monique's estate largely consisted of the hotel property and business shares, she knew that Andria may have to pay significant taxes when she inherits. She wanted the business she loved to be a gift not a burden, so Monique turned to her financial advisor for help alleviating the estate tax liability so her daughter wouldn't be forced to sell assets to cover the taxes.

Greg acknowledged Monique's needs for wealth preservation and liquidity for Andria, suggesting an irrevocable life insurance trust (ILIT). By designating her life insurance policy to the newly established trust, Monique can ensure that the proceeds from the policy will provide needed liquidity at a difficult time. And since the ILIT is not considered part of the overall estate, each asset in it reduced the overall value of the estate and Andria's future estate tax liability.

Andria would be able to use the cash generated from the trust to settle the taxes incurred by the property and other assets she'd inherit. Implementing this savvy technique meant Monique would be left to enjoy her retirement knowing her wealth and business would be efficiently passed on to her daughter as she'd always intended.

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This is a hypothetical illustration and is not intended to reflect any actual outcome.

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