ESTATE PLANNING

Multi-Generational Legacy Planning

Concept applied:

Intra-family loans can help your children purchase life insurance, fund life events and create a legacy for your grandchildren, while premium advances are repaid to you for retirement.

How it works:

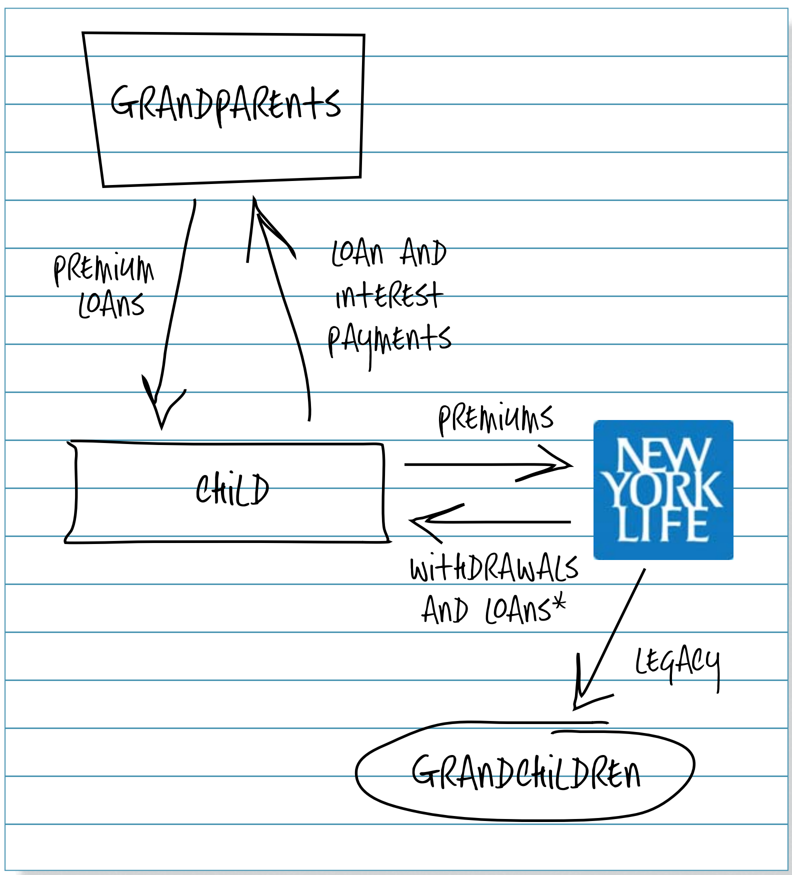
The intra-family loan strategy preserves the client's gift and estate tax exclusions while creating an asset for the benefit of their child that may be used for education, retirement or estate purposes.

The grandparent loans money to their child (or trust) to purchase life insurance on the child's life. The loan is made in exchange for an interest-bearing, promissory note governed by the split dollar loan regime.

Loan repayments can be used to fund the grandparents' retirement or long term care needs. After loan repayment, the child can access policy values* to fund retirement or other life events; the income tax-free death benefit will be available for the benefit of the grandchildren.

50 words or less

Grandparent loans funds to their child to purchase life insurance on the child's life and receives an interest-bearing note. After loan repayment, child maintains the policy and can access cash value through loans and withdrawals*. The death benefit is available for the benefit of the grandchildren.



Why is it useful?

- Provides life insurance protection and retirement cash flow for your children
- Creates a legacy for your grandchildren
- Premium advances are repaid to you

See next page for important disclosures. SMRU 1705399 (exp. 7.31.2020).

*The cash value in a life insurance policy is accessed through policy loans, which accrue interest at the current rate, and withdrawals. Loans and withdrawals will decrease the cash surrender value and death benefit.

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