

Business Gift and Estate Equalization

Concept applied:

The wealth of many business owners is concentrated in illiquid assets such as businesses and real estate. Owners may desire to transfer these assets—by gift or bequest—to a child or children who desire being involved with the business or asset. In order to provide a fair benefit to the child(ren) who will not inherit the assets, the owner can name them as beneficiaries of his or her permanent life insurance policy.

How it works:

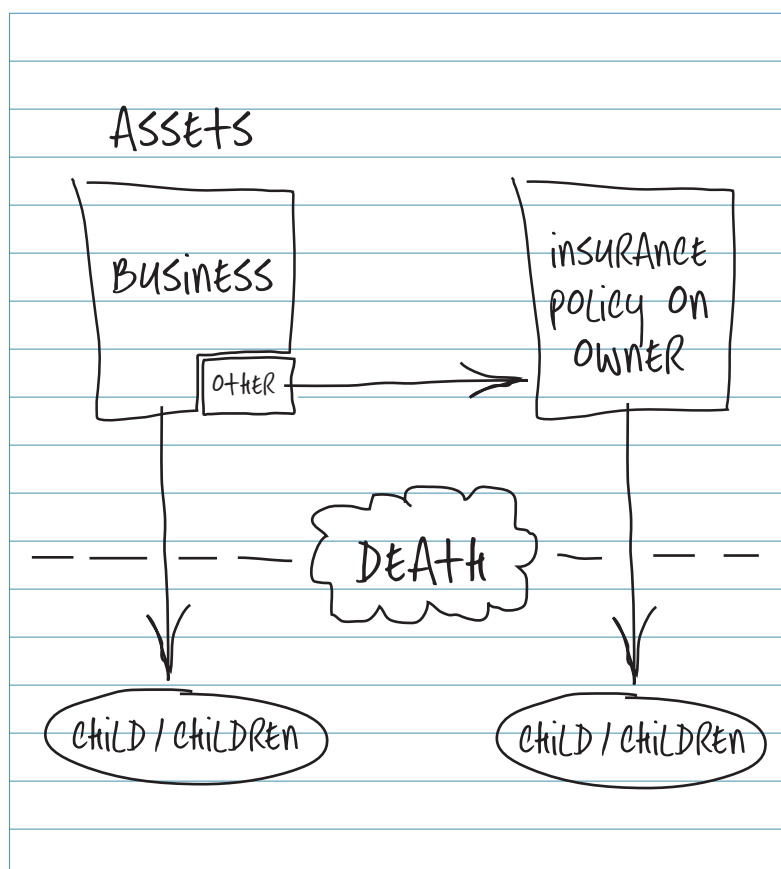
1. Client plans to transfer a business to a select child or children.
2. To provide a gift or inheritance of equal value to those who do not receive the business, client names them as beneficiaries of a life insurance policy on his or her life. For lifetime gifts of illiquid assets, client can pay for a policy on his or her life that is owned by the non-recipient child(ren).

Why is it useful?

- Provides cash to the child(ren) and beneficiaries who will not receive the business.
- Facilitates family harmony and legacy goals by treating all children fairly.
- Helps ensure the family business is transferred to the child(ren) best-suited to operate it.

50 words or less

Estate and business owners can use permanent life insurance to help equalize their estate gifting by providing a generally income tax free cash benefit to children (or other heirs) not receiving the business or other illiquid assets from the estate.



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