

## Comprehensive Legacy Strategies.

I recently met with a Wealthy Real Estate client who had an estate tax concern. Their net worth was over 11 Million. They were gifting their kids \$15,000 annually which is the maximum allowed by the IRS without using some of their lifetime exception. They wanted to do more for their kids but also did not like the idea of giving up total control of that money in case they needed cash later on. With much of their assets being illiquid having a lot of cash on hand gave them a level of comfort.

They also wanted to insure multi-generational planning that would provide financial security for themselves, their kids and grandchildren. They wanted to do so with never needing to sell Real Estate at inopportune times to pay for estate taxes.

The solution was that they purchased Whole Life Insurance on two children's lives which the premium was to be paid for 10 years and then guaranteed paid up. The premiums were paid via loans to their kids in which the interest rates would be tied to the federal AFR rates about 2% but variable. They purchased the policy at age 55 and at age 70-85 the policy had enough money to pay them back plus the interest which provided them extra money through their retirement. Although, there was now a 1.3-Million-dollar loan on the policy which the parents supplemented their retirement with the policy would sustain itself nicely regardless whether that loan was ever paid back within the contract.

In conclusion:

The client loaned 1 million dollars to their kids over a 10 year period. They were paid back 1.3 Million in retirement tax free. Their grandkids at their kids life Expectancy had a remaining tax free death benefit at their life expectancy of 5.5 Million dollars to the next generation all free from income and estate taxes both in their parents along with their own generation.

This plan created some financial security for the parents along with multi-generational tax planning that could persevere within today's estate tax laws along with potential modifications that reduce the future exemptions. In this scenario the insurance company received 1 Million dollars and returns 1.3 Million to the parents along with 5 Million going to the grandkids tax free. Sound's too good to be true it is not just smart efficient planning using the benefits of Life Insurance for Multi-Generational planning.