



# Generational Planning Strategies

## WITH WHOLE LIFE INSURANCE



Your clients have worked hard to accumulate assets over the years to live comfortably in retirement and to plan for the futures of those close to them. It is important they plan now for transferring this wealth without needlessly losing assets to taxes and other wealth transfer costs.

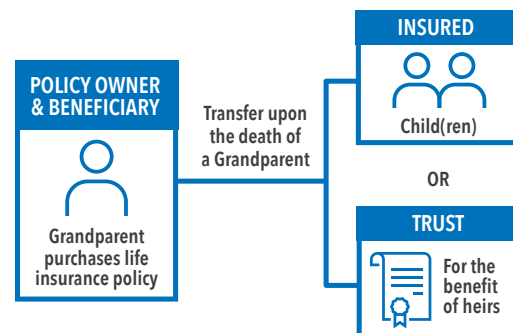
Affluent clients in the 60-plus age group may enjoy the benefits of Whole Life insurance that ultimately can benefit their children and grandchildren. The following is an example of how a policy may be structured for generational planning.

A grandparent purchases life insurance covering the lives of his children (second generation), for the ultimate benefit of his children and grandchildren. During his lifetime, he is the owner of the policy. Upon his death, the policy should be transferred to a trust established for the benefit of his heirs, or transferred directly to generation two.

Due to federal estate taxation rules, the grandparent is named as both the original owner and beneficiary. Naming a third party as beneficiary (such as the spouse of the insured or a grandchild) could result in the death benefit being subject to income or gift taxes.

The guidelines that follow may assist you when talking to your clients about structuring a policy for wealth transfer.

### Sample Life Insurance Policy for Generational Planning



**ULTIMATE RECIPIENTS OF DEATH BENEFIT**  
**Children and Grandchildren**

Turn over for guidelines >

## Generational Planning Guidelines

The following are general requirements for purchasing a policy for generational planning. If you have any specific questions, or a case that is outside the general requirements, please contact our Underwriting Team for further consideration at **1.800.443.8793** or **AskLLICUW@llic.com**.

### GENERAL REQUIREMENTS

- Coverage is for generation two (adult child).
- The maximum underwriting amount is \$1,000,000.<sup>1</sup>
- Policy is intended for maximum non-MEC premium, minimum death benefit strategies.
- Confidential Financial Statements (LL-1277) should be obtained on the proposed owner.<sup>2</sup>

### REQUIREMENTS FOR THE INSURED

- The insured must be a gainfully employed adult or work-at-home parent.
- The insured must have adequate individual coverage for their own personal and family needs.
- The amount of proposed insurance should not exceed the amount of personal coverage in place on the primary insured.<sup>3</sup>
- Total amount of insurance available is based on the insured's ability to qualify for the amount requested.<sup>4</sup>

### REQUIREMENTS FOR THE OWNER

- The policy owner must have their personal insurance needs met.
- Total premium should not exceed 20 percent of the owner's income or net worth, or funds from Required Minimum Distributions or other liquid assets not necessarily needed for retirement.

<sup>1</sup> Without prior company approval.

<sup>2</sup> Confidential Financial Statement needed on insured if underwritten amount is \$1,000,000 or above.

<sup>3</sup> Without prior company approval.

<sup>4</sup> Normal rules for work-at-home parents apply.

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