SYMETRA
RETIREMENT | BENEFITS | LIFE

Leveraged Credit Shelter Trust

Help maximize the value of your client's Credit Shelter Trust

Your affluent clients can transfer more to beneficiaries

In this scenario, at the death of the first spouse, we assume $5 million is transferred to a Credit Shelter Trust (CST). If the couple had done nothing more, at the death of the surviving spouse, trust assets would have transferred to the beneficiaries without estate taxes. However, by using all or a portion of the trust's assets to purchase a Symetra Protector IUL policy on the surviving spouse, the death benefit potentially increases the value of the trust.

Trust assets are repositioned using life insurance

Maximize the value of your client's legacy

In some cases, the surviving spouse has no plans to access the trust for living or annual expenses. The primary goal may instead be to transfer wealth. If your client shares this goal, using all or a portion of the trust assets to purchase life insurance may be an excellent strategy for maximizing the value and security of their legacy.

Life Insurance

Trust buys policy

Annual premium of $132,952 for 10 years provides a $3,500,000 death benefit on surviving spouse.[1]

Estate

$5,000,000

Credit Shelter Trust

$10,420,782

First spouse dies in year 1

All or a portion of the estate—up to the applicable federal estate tax exclusion amount—transfers to a CST.[2]

Surviving spouse dies in year 20

Accumulated net trust assets plus the death benefit are available for trustee to distribute to beneficiaries subject to the trust provisions.

The Result:

Beneficiaries receive **$1,390,226** more than the non-leveraged CST.[3]

[1] The trust must have a provision to purchase life insurance as a trust investment and the trustee should have the authority to purchase life insurance on the surviving spouse. The surviving spouse should not be a trustee in order to avoid inclusion of death benefits in the insured spouse's estate. Clients should consult their tax professional for more information.

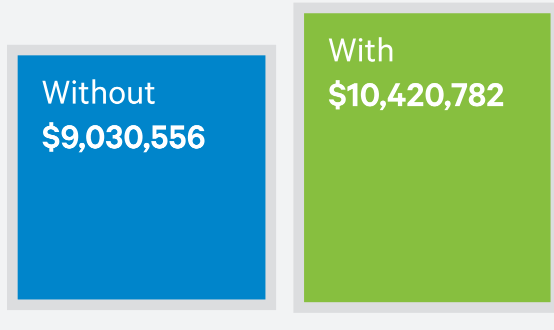
[2] The applicable federal estate tax exclusion amount (indexed for inflation) is $11.58 million per individual in 2020.

[3] This hypothetical scenario assumes the trust purchases a Symetra Protector IUL for 68-year-old female in the Preferred Non-Nicotine rate class with a face amount of $3,500,000 and annual premiums of $132,952 for 10 years. Illustrated at a 5% initial crediting rate, JPMorgan ETF Efficiente® 5 Core - 1 Year Point-to-Point Index Strategy, current policy charges. Policy remains in-force to age 119 with a no-lapse guarantee benefit for 21 years or to age 89. Illustrated amounts are current as of April 2020, but are subject to change without notice. Please check current index cap and participation rate information. The remaining trust assets are assumed to grow at an average annual pre-tax rate of 5%. The trust is assumed to be a non-grantor trust and the assumed income tax rate is 40%. The net to the beneficiaries of $10,420,782 from the CST is based on the death of the surviving spouse at the end of the 20th year and includes the remaining trust assets of $6,920,782 and the death benefit of $3,500,000, which is not subject to federal income or estate taxes.

With vs. without life insurance:

Which legacy would your clients rather leave for beneficiaries?

Values shown reflect the net trust balance available to the beneficiaries after the death of the surviving spouse in year 20.



Net to Beneficiaries

→ With life insurance, beneficiaries receive an additional **$1,390,226 more.**

This scenario assumes the original $5,000,000 grows at an average annual pre-tax rate of 5%. Without life insurance, the net to beneficiaries of $9,030,556 is the after-tax value at the end of year 20 and assumes the trust's federal income tax rate is 40%. In the life insurance example, the trust purchases a Symetra Protector IUL for 68-year-old female in the Preferred Non-Nicotine rate class with a face amount of $3,500,000 and annual premiums of $132,952 for 10 years. Illustrated at a 5% initial crediting rate, JPMorgan ETF Efficiente® 5 Core - 1 Year Point-to-Point Index Strategy, current policy charges. Policy remains in-force to age 119 with a no-lapse guarantee benefit for 21 years or to age 89. Illustrated amounts are current as of April 2020, but are subject to change without notice. Please check current index cap and participation rate information. The remaining trust assets are assumed to grow at an average annual pre-tax rate of 5%. The trust income tax rate is 40%. The net to the beneficiaries of $10,420,782 is based on the death of the surviving spouse at the end of the 20th year, and includes the remaining trust assets of $6,920,782 and the death benefit of $3,500,000, which is not subject to federal income or estate taxes.

Call us for an illustration and see how Symetra Protector IUL may help your clients leave more to their beneficiaries.

Contact us for more information.

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Symetra Protector IUL is a flexible-premium adjustable life insurance policy with index-linked interest options issued by Symetra Life Insurance Company located at 777 108th Avenue NE, Suite 1200 Bellevue, WA 98004-5135. This policy is not available in all U.S. states or any U.S. territory; where available, it is usually issued under policy form number ICC18_LC2.

Symetra Protector IUL has fixed and indexed accounts. Interest credited to the indexed accounts is affected by the value of outside indexes. Values based on the performance of any index are not guaranteed.

Symetra reserves the right to add, modify or remove any index strategy or crediting method. If any index is discontinued or if the calculation of any index is changed substantially, Symetra reserves the right to substitute a comparable index.

Except for the JPMorgan ETF Efficiente® 5 Index, an index does not include the payment or reinvestment of dividends in the calculation of its performance. It is not possible to invest in an index.

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This is not a complete description of the Symetra Protector IUL product. For a more complete description, please refer to the policy.

Guarantees and benefits are subject to the claims-paying ability of Symetra Life Insurance Company.

Neither Symetra Life Insurance Company nor its producers or employees give tax or legal advice. Your client should consult with their attorney or tax professional for more information.

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