Symetra Life Insurance Company

BENEFITS OF TRUST PLANNING

Completing trust-owned life insurance reviews

Symetra Protector IUL

Indexed Universal Life Insurance

Not a bank or credit union deposit, obligation or guarantee.	May lose value.
Not FDIC or NCUA/NCUSIF insured.	Not insured by any federal government agency.

LIM-1473 12/23

Do you have trust-owned life insurance policies that may be outdated?

With ongoing economic, personal and insurance industry changes, it might be time to sit down with your financial professional and make sure your current needs are being met.

Importance of trust-owned life insurance reviews

You should annually review your trusts with a tax or legal professional to ensure proper administration and to protect your legacy from unforeseen changes. A trustee must act in a fiduciary capacity to achieve the objectives stated in the trust, and must understand asset management as it pertains to risk tolerance, including life insurance policies.

The Uniform Prudent Investors Act (UPIA), created by the Uniform Law Commission, holds trustees to a high standard of conduct, and provides a means to enforce those standards. Most states have adopted the UPIA standards, which substantially increase the fiduciary obligations of trustees, including the duty to:

- Understand the objectives and terms of the trust.
- Select a risk/return strategy that is appropriate for the trust.
- Diversify the asset holdings.
- Avoid or reduce unreasonable or inappropriate expenses.
- Consider and disclose tax consequences.
- Make changes as needed.

In addition, the UPIA encourages trustees to create a formal trust investment policy statement. This written statement is not a legal or binding agreement, it simply describes the investment parameters and review process of the trust, and how the trust's assets will be managed in order to meet its objectives. Designed to continuously improve the management of the trust's assets for the benefit of the beneficiaries, the investment policy statement should be flexible, and updated as appropriate.

Trust reviews

Trusts should be reviewed for operational, taxation and funding concerns as they pertain to the trust's objectives and terms. Reviews should include:

- If Crummey powers are being used to qualify for the annual gift tax exclusion, ensure the requirements are being met by the trustee.
- Changes in the grantor's or beneficiaries' economic or life circumstances.
- Appropriate gift tax returns or generation-skipping tax elections, if any, are filed each year.
- Confirming any required actions by the trustee and the frequency for each action.
- Accounting for contributions and/or gifts to the trust and distributions to beneficiaries.
- Provisions for successor trustee(s).

Policy reviews

Life insurance policies are complex financial instruments. Reviews should include:

- Policy administration, to ensure paid policy premiums are timely and appropriate, accounting of policy values is accurate, and ownership and beneficiary information is correct and up to date.
- The insurance company's ratings, to ensure financial integrity remains positive.
- Changes to federal and/or state tax law that may negatively impact the policy held by the trust.
- Policy performance, to determine if the policy is performing as expected, and consider opportunities for:
  - Improved underwriting options.
  - Appropriate product risk.
  - Products with more cost-efficient pricing and guarantees.
  - Innovative riders with improved options.
  - Change in need from a second-to-die policy to a single life policy.

Policy and trust reviews

As you can see, there are several factors that can affect the performance of your trust-owned life insurance policies. That is why it's important for trustees to conduct annual reviews to help them uncover any potential roadblocks sooner rather than later. Let's take a look at how a policy and trust review helped two individuals successfully get their policies back on track in the following two hypothetical scenarios.

Scenario #1

Individual assumed trust was on auto-pilot.

Situation

A female, age 68, met with her CPA who set up her estate plan 10 years ago. As part of the plan, she established an irrevocable trust,[1,2] and for diversification, the trustee purchased two $2 million life insurance policies on her life from different life insurance companies. As the trust grantor, she continued to make timely gifts each year to the trust in order to fund the life insurance premiums. However, the CPA was concerned that no one, including the trustee, had reviewed the life insurance policies since the trust was established.

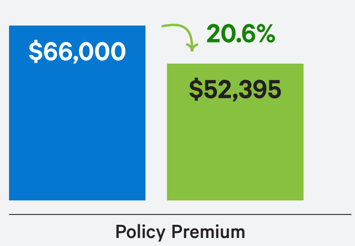
After reviewing the policies, her insurance professional detailed how each of the policies had not performed as expected. Based on current in-force illustrations, the combined annual premium of $66,000 had a current cash surrender value of $475,000. Over the previous 10-year period, the crediting rates on the universal life policies had been reduced several times and both policies would likely required additional premiums to keep them in-force. In addition, the trustee agreed that the universal life policies were not working as initially planned, and she was interested in a more guaranteed approach.

Solution

The insurance professional explained the benefits of life insurance products that offer lapse protection benefits that guarantee the policy will stay in-force for a selected duration, provided the required annual premiums are paid in a timely manner and no withdrawals or loans have been taken. Based on a detailed analysis of similar products in the marketplace, the insurance professional recommended a **Symetra Protector Indexed Universal Life (IUL) Insurance** policy with a Lapse Protection Benefit.

The trustee agreed to replace both policies for a new $4 million Symetra Protector IUL policy with Lapse Protection Benefit guarantee to keep the policy in-force to age 89, thus relieving concerns of market conditions, additional premiums and a potential policy lapse. In addition, the trustee was able to reduce the annual premium of $66,000 by 20.6%, to $52,395. The trustee agreed to review the policy with the insurance professional on a regular basis.

Annual Premium Reduction



Hypothetical scenario based on a Symetra Protector IUL policy for a 68-year-old female in the Standard Plus Non-Nicotine rate class, with a $4,000,000 Death Benefit and Lapse Protection Benefit guarantee to age 89. Assumes $475,000 1035 exchange in year 1 and annual premiums of $52,395, Putnam Dynamic Low Volatility Excess Return Index with Bonus Strategy, 5.97% initial crediting rate, current policy charges, policy remaining in-force to age 119.

Scenario #2

Policy review results in an updated estate equalization plan.

Situation

Jim, age 62, has built a successful business and planned on slowing down by semi-retiring in the next few years. He has three children, but only one has voiced an interest in taking over the business. Concerned that his estate would not be evenly divided among the three kids, he established an estate equalization plan several years ago. The initial plan valued the business at $3 million and assumed each child, if involved, would inherit one third of the business, or $1 million. Jim established an irrevocable trust and the trust purchased a $2 million life insurance policy with the two children not involved in the business as equal trust beneficiaries ($1 million each), upon his death.

During a review of the policy, his insurance professional noticed that Jim had been given a nicotine rate class, though he's been nicotine-free for several years. The current policy required an annual premium of $29,650 and had a cash surrender value of $186,000. The insurance professional learned from Jim that the value of this business had grown to $5 million, and the initial estate equalization plan would not likely continue to be adequate, based on his initial design.

Solution

After the policy review, the insurance professional recommended that Jim replace the existing policy with a more efficiently priced one, as he is no longer a nicotine user. He also recommended the trust purchase an additional $1.3 million of life insurance—for a total of $3.3 million—to properly update his estate equalization plan and provide $1.65 million to the trust beneficiaries not involved in the business. Based on Jim's tolerance for risk and a detailed analysis of similar products in the marketplace, the insurance professional recommended a **Symetra Protector Indexed Universal Life (IUL) Insurance** policy with a Lapse Protection Benefit.

The insurance professional further explained the annual premium would be $22,339 for the additional $1.3 million, bringing the total cost for both policies to $51,989. The trustee agreed to replace his current policy for a $3.3 million Symetra Protector IUL policy with Lapse Protection Benefit guarantee to keep the policy in-force to age 87. The new annual premium of $40,845 is 21.4% or $11,144 less than the alternative of keeping the old policy in-force and purchasing a new $1.3 million policy.

Updated Estate Equalization Plan

$3.3 million Symetra Protector IUL policy placed in an irrevocable trust → **$1.65 million for two trust beneficiaries** not involved with the business

$5 million of business assets → **Transfers to child** interested in the business

Hypothetical scenario based on a Symetra Protector IUL policy for a 62-year-old male in the Preferred Non-Nicotine rate class, $3,300,000 Death Benefit with Lapse Protection Benefit guarantee to age 87. Assumes $186,000 1035 exchange in year 1 and annual premiums of $40,845, Putnam Dynamic Low Volatility Excess Return Index with Bonus Strategy, 5.97%% initial crediting rate, current policy charges, policy remaining in-force to age 119.

Benefits of choosing Symetra Protector IUL

Whether for estate planning, wealth transfer or business-protection, Symetra Protector IUL can help ensure your legacy planning goals are being met. When the policy is part of an estate-planning strategy using an Irrevocable Life Insurance Trust (ILIT), the death benefit will generally pass to your beneficiaries free of federal income and estate taxes.[2]

Checklist for trust-owned life insurance

Use this checklist with your insurance professional to review each life insurance policy owned by the trust. This list in not comprehensive, but will help ensure the trust's objectives are being met, and trustees and legal professionals are meeting their fiduciary duties to monitor and review existing policies.

Policy reviews

- [ ] Obtain current, in-force illustrations for each policy owned by the trust.
- [ ] Review and compare in-force illustrations to illustrations issued upon the purchase of the policy.
- [ ] Compare previous years' in-force illustration to determine performance trends.
- [ ] Is the policy's death benefit guaranteed for life?
- [ ] If not guaranteed for life, for how long is the coverage guaranteed?
- [ ] Is the current guarantee period consistent with the objectives of the trust?
- [ ] Does the insurance company's financial integrity remain positive?

Product review

- [ ] Is the current product appropriate for the objectives of the trust?
- [ ] Would other life insurance policies or types of policies better align with the objectives of the trust?
- [ ] If the policies are dependent on a non-guaranteed death benefit, should the trust consider a life insurance product with a guaranteed death benefit at a lower cost?
- [ ] Would other life insurance policies provide more guaranteed death benefit at the current cost?
- [ ] Do other life insurance policies have improved or innovative riders that may be more appropriate with the trust objectives?

Regardless of your situation, a routine trust and policy review can help provide peace of mind that you and your beneficiaries are properly covered, now and in the future.

Contact your insurance professional today to help ensure your existing policy is keeping pace with your financial objectives.

Life insurance is issued by Symetra Life Insurance Company, 777 108th Avenue NE, Suite 1200, Bellevue, WA 98004-5135. Products and policy endorsements are not available in all U.S. states or any U.S. territory.

Symetra Protector IUL is a flexible-premium adjustable life insurance policy with index-linked interest options. Policy form number is ICC18_LC2 in most states.

Putnam Dynamic Low Volatility Excess Return Index with Bonus Index Account form number is ICC22_LE2 in most states.

The Lapse Protection Benefit, included at no additional costs, prevents the policy from entering the Grace Period when the policy is in a Lapse Protection Benefit Period. Coverage will remain in effect as long as the Lapse Protection Value is greater than or equal to zero and the surrender value of your policy is greater than the sum of all outstanding policy loans and loan interest. Loans, withdrawals, and late or delayed premium payments may affect the duration of the Lapse Protection Benefit.

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

Life insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in-force. Please call your insurance professional for more complete details.

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. The policy does not directly participate in any outside investment or index.

Except for the Putnam Dynamic Low Volatility Excess Return Index™, the performance of 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.

Election of a Putnam Index Strategy does not guarantee a greater index credit for any index segment term.

This material is not intended to provide investment, tax or legal advice. You should consult with your attorney or tax professional for more information.

Election of a Putnam Index Strategy does not guarantee a greater index credit for any index segment term.

[1] The trust must have a provision to purchase life insurance as a trust investment and the trustee should have authority to purchase life insurance on the grantor(s).

[2] Trusts should be drafted by an attorney familiar with such matters. Failure to do so could result in adverse treatment of trust proceeds. Symetra Life Insurance Company does not provide tax advice.

SYMETRA®

RETIREMENT | BENEFITS | LIFE

Symetra Life Insurance Company
777 108th Avenue NE, Suite 1200
Bellevue, WA 98004-5135
www.symetra.com