Explore a tax-effective estate planning solution

A case study showing the benefits of *Lincoln AssetEdge®* VUL and SLATs

When most people hear about financial planning with trusts, they think of "trust funds" for the ultra-affluent and their families. However, trusts aren't exclusively for the ultra-affluent – they can offer asset control, legacy protection, financial privacy, probate avoidance, and estate tax mitigation for those of all income levels.

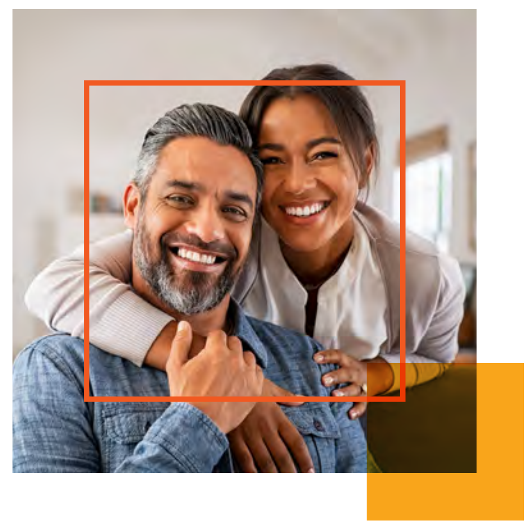
What is a SLAT?

The **spousal lifetime access trust (SLAT)** is an irrevocable trust that provides married couples a way to pass wealth tax-efficiently to their children, grandchildren, and future generations while giving a spouse access to trust assets during and after the insured spouse's lifetime. This type of trust is typically funded with a single-life policy on the life of the grantor. By making the insured the only grantor, the spouse gains access to policy account values from trust distributions as a beneficiary of the trust, while simultaneously keeping the death benefit proceeds out of the insured's estate.

Meet Simon and Eden

They're married, age 40, with two young children.

Simon owns a successful fishing business. Eden decided not to return to work after their first child was born. This decision allowed them to save from the added expense of child care every day and has allowed Eden to spend more time with her young children. However, when Eden left her full-time position, she also lost the ability to contribute to a 401(k) plan.



Insurance products issued by:
The Lincoln National Life Insurance Company

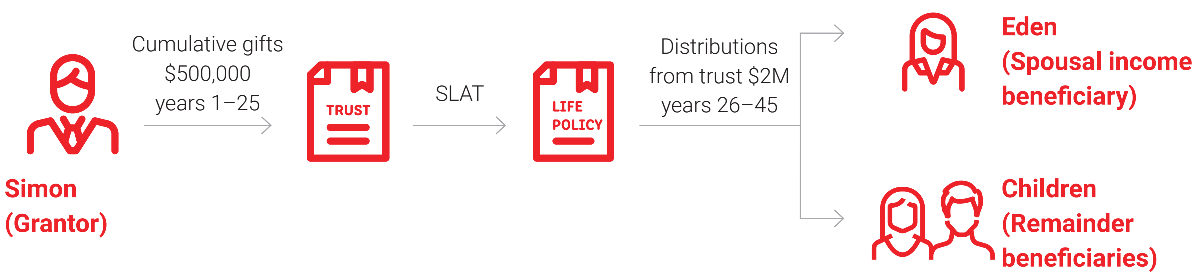
Now, they want to

- Mitigate estate taxes while protecting the family business
- Set up a supplemental retirement income source for Eden
- Secure additional life insurance on Simon's life as he is the primary financial provider

The solution

Simon and Eden first speak with their financial professional, who recommends working with an attorney to establish a SLAT, which will own a $350,000 *Lincoln AssetEdge*® VUL policy on Simon. After going through underwriting, Simon is offered preferred nontobacco. Simon decides to gift $20,000 each year to the SLAT for the next 25 years to fund the premium of the *Lincoln AssetEdge* policy.[1] **This allows:**

- Eden to take policy loans of $100,000 for 20 years, which she can use for her own health, education, maintenance, and support.[2]
- The children to have limited access to trust distributions while their parents are alive and will benefit from the trust's assets following both their parents' deaths.
- Trust distributions to be received income tax-free and will avoid estate inclusion for Simon and Eden.



Years	Death benefit coverage
1	$402,500
20	$1,090,072
86[3]	$3,894,854

[1] Assumes *Lincoln AssetEdge*® VUL with Enhanced Allocation Rider, 40-year-old male, preferred nontobacco, $350,000 initial death benefit, $20,000 annual premium paid for 25 years, monthly fixed loans years 26–45, 6.5% gross rate of return, issued in the state of Washington. Coverage is guaranteed for 20 years and carries through maturity on a current basis. At guaranteed charges and 0% rate of return, coverage lapses at year 31.

[2] Distributions through loans and withdrawals will reduce a policy's cash surrender value and death benefit; may cause the policy to lapse which would have tax consequences. Loans are not generally considered income, and are tax-free. Withdrawals and surrenders are tax-free up to the cost basis, provided the policy is not a modified endowment contract (MEC). A MEC policy is one in which the life insurance limits exceed certain high levels of premium, or the cumulative premium payments exceed certain amounts specified under the Internal Revenue Code. For policies that are MECs, distributions during the life of the insured, including loans, are first treated as taxable to the extent of income in the contract, and an additional 10% federal income tax may apply for withdrawals made prior to age 59½.

[3] Last illustrated policy year.

Speak with your Lincoln representative or the Advanced Sales team at AdvancedSales@LFG.com to learn more about using *Lincoln AssetEdge®* VUL in SLATs.

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With any VUL product, certain fees and costs are involved, including monthly cost of insurance, administrative expense and premium load charges, as well as daily charges on assets invested in the variable subaccounts for mortality and expense risk, and asset management fees. Please consult the prospectus for more detailed information.

Variable products are sold by prospectus, which contains the investment objectives, risks, and charges and expenses of the variable product and its underlying investment options. Read carefully. Only registered representatives can sell variable products.

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

Products, riders and features are subject to state availability. The insurance policy and riders have limitations, exclusions, and reductions. Check state availability. Accelerated death benefits may be taxable and may affect public assistance eligibility.

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LCN-5503760-030923
PDF ADA 4/23 **Z01**
Order code: AE-SLAT-FLI001

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