



The Great Reprieve: Estate Planning for Clients Through Tax Uncertainty

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The Future of Taxation



Current Administration/Congress



President #47: Donald J. Trump, Republican

Senate: Republican Control

- **GOP 53 versus DEM 47**

House of Representatives: Republican Control

- **GOP 218 versus DEM 212**



Trump Platform: The Great Reprieve

- Maintain Social Security/Medicare
- Tariff Overhaul
- Domestic Fossil Fuels – Drill Baby Drill!
- Recoup Inflation Protection Act Funds
- Cut Regulations
- Extend Tax Cuts & Jobs Act (TCJA)
 - ❖ Reduce or eliminate estate tax
 - ❖ Restore uncapped SALT (State and Local Tax) deduction
 - ❖ Tax-free tips, overtime, Social Security
 - ❖ 15% corporate rate for domestic manufacturers, 21% for all others



Will there be a sunrise?

- ❖ Let's first compare what **STILL** is scheduled to occur unless both Congress and the President Act in 2025.
- ❖ Income, Estate, Gift and GST, Capital Gains and Dividends, Corporate Taxes, Section 199A





Tax Rates*



Individual tax brackets and rates

2017 Income brackets		Rates		2024 Income brackets	
Single	Married, filing joint			Single	Married, filing joint
Up to \$9,325	Up to \$18,650	10%	10%	Up to \$11,600	Up to \$23,200
\$9,326 - \$37,950	\$18,651 - \$75,900	15%	12%	\$11,601 - \$47,150	\$23,201 - \$94,300
\$37,951 - \$91,900	\$75,901 - \$153,100	25%	22%	\$47,151 - \$100,525	\$94,301 - \$201,050
\$91,901 - \$191,650	\$153,101 - \$233,350	28%	24%	\$100,526 - \$191,950	\$201,051 - \$383,900
\$191,651 - \$416,700	\$233,351 - \$416,700	33%	32%	\$191,951 - \$243,725	\$383,901 - \$487,450
\$416,701 - \$418,400	\$416,701 - \$470,000	35%	35%	\$243,726 - \$609,350	\$487,451 - \$731,200
\$418,401 or more	\$470,001 or more	39.6%	37%	\$609,351 or more	\$731,201 or more

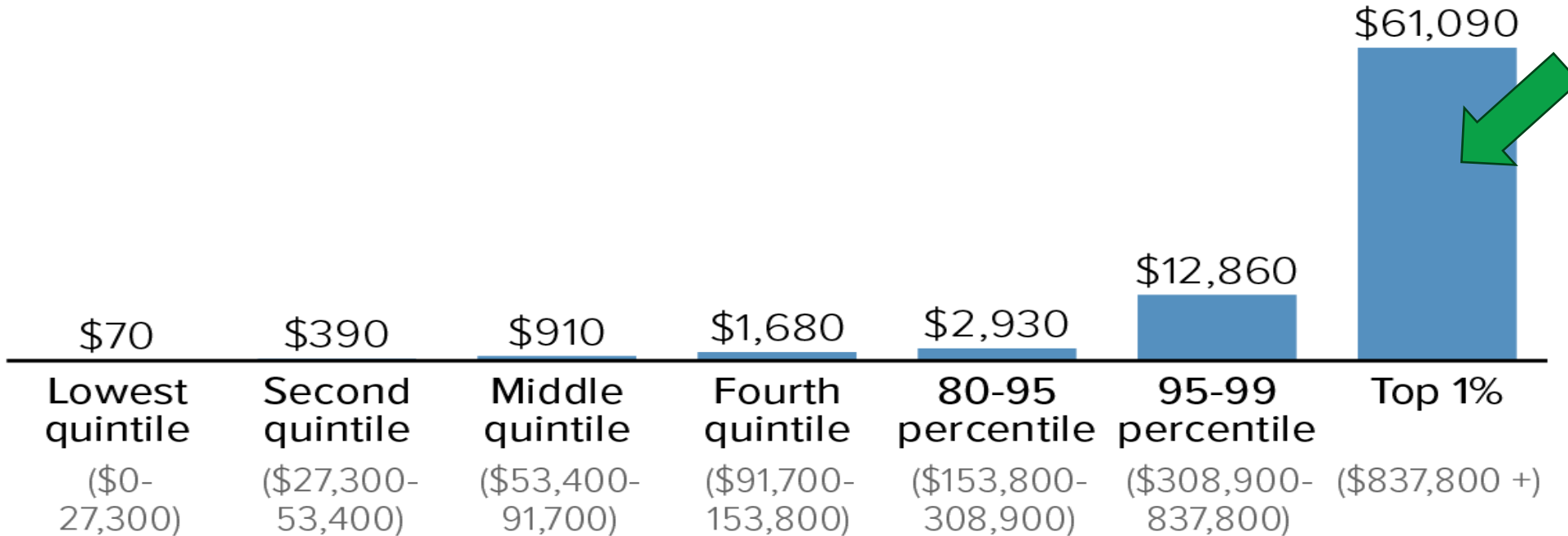
*Tax Cuts and Jobs Act (Pub.L.115-97, H.R.1) enacted December 22, 2017



Who benefited most from TCJA?

Households With Incomes in Top 1 Percent Benefit Most From 2017 Trump Tax Law

Average federal tax change, 2025



Source: Table 2, Distributional Analysis of the Conference Agreement for the Tax Cuts and Jobs Act, Tax Policy Center



Estate & Gift Taxes**



Current Projections for the Estate Tax

2024	\$13.61M
2025	\$13.99M
2026	\$5M AIFI (as indexed for inflation)
2026	\$6.99M AIFI
2026	\$14.41M (projected at 3% inflation)

* Number reflects 2017 law. In 2026, when TCJA section sunset and this comes back, this number will be adjusted for inflation based on chained CPI.

**Tax Cuts and Jobs Act (Pub.L.115-97, H.R.1) enacted December 22, 2017



But what about our debt?

[U.S. National Debt Clock : Real Time](https://usdebtclock.org)

**Current debt:
\$36T**





State estate taxes

States with an Estate Tax

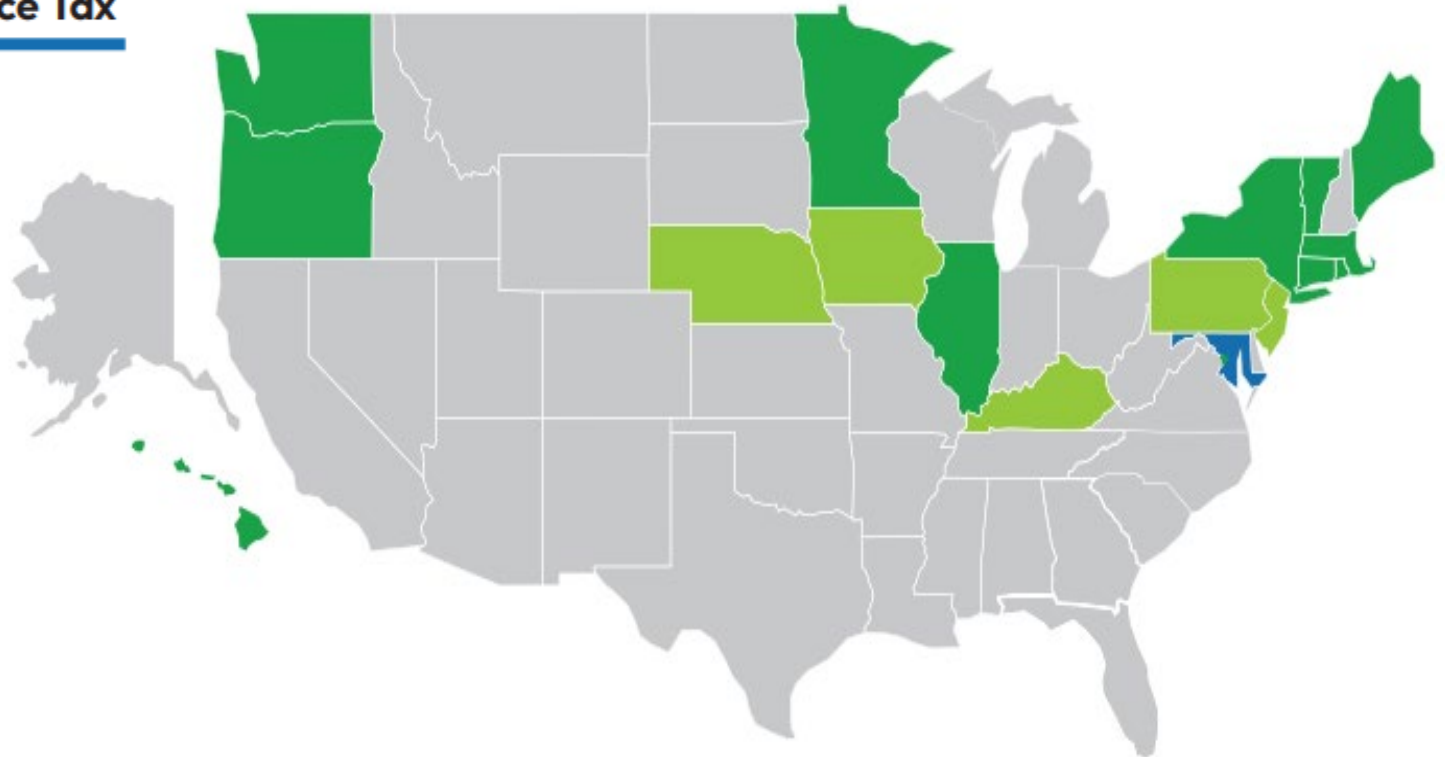
- WA
- OR
- MN
- IL
- NY
- VT
- ME
- MA
- RI
- CT**
- HI
- DC

State with an Estate & Inheritance Tax

- MD

States with an Inheritance tax

- NE
- IA
- KY
- PA
- NJ





Flexible Estate Planning Now



Most Flexible



Least Flexible

①

②

③

④

Term Conversion

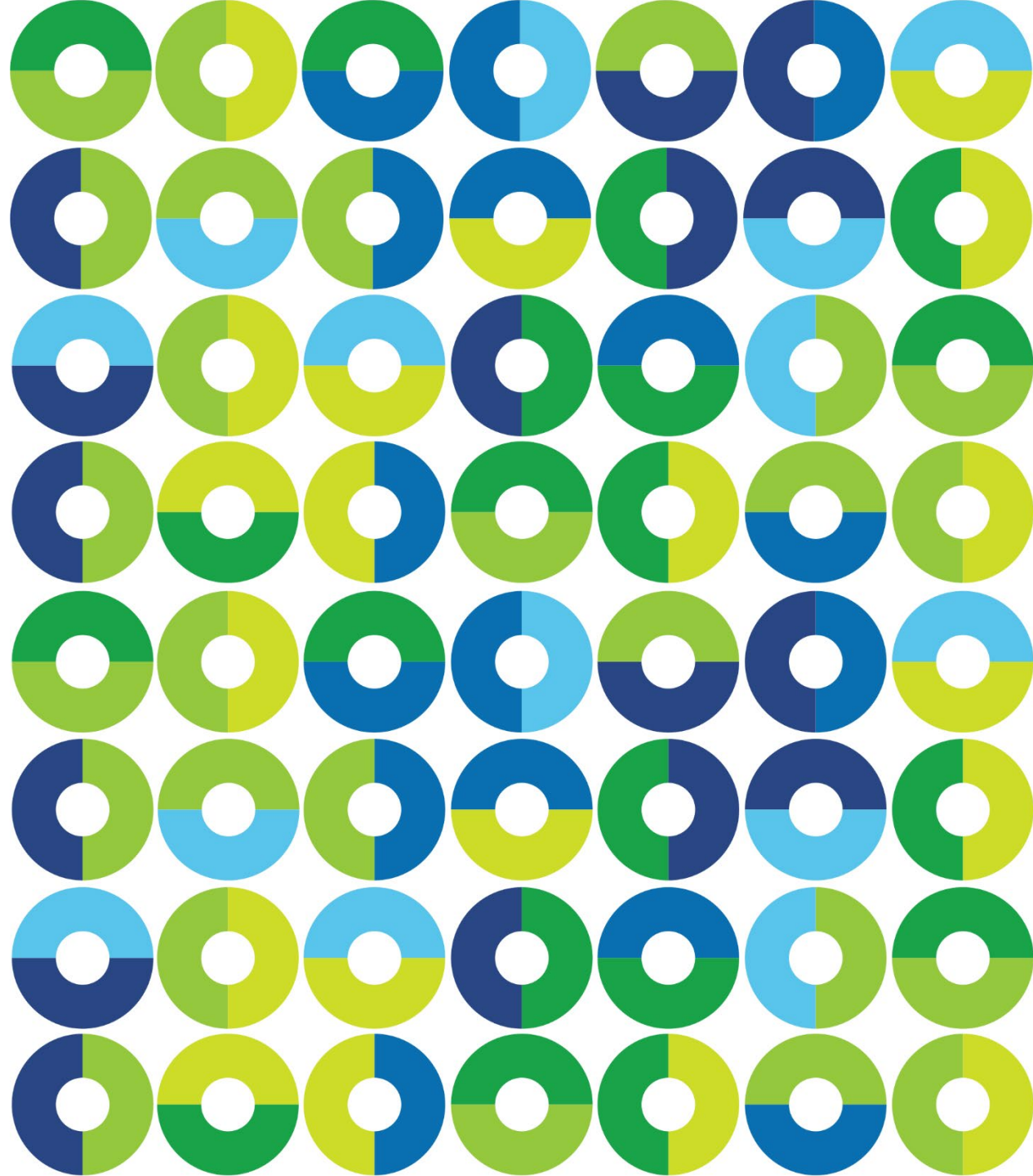
Wait & See Planning

Spousal Limited Access Trust (SLAT)

Irrevocable Life Insurance Trust (ILIT)



Study Time!





Which clients need life insurance/estate planning most?

- ❖ **Clients with closely held businesses with little to no liquidity**
- ❖ **Clients whose profession subjects them to risk of personal liability**
- ❖ **Second-marriage and/or blended families**
- ❖ **Estate equalization**
- ❖ **Clients whose children/family members have special needs**
- ❖ **High-net worth clients with estate tax exposure**



Term Conversion Case Study



Who?

Ideal Client

- Young, healthy
- Has a need for asset protection now and in future

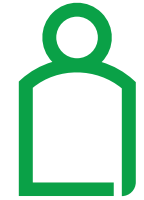
Issue:

- Uncertain view of future, does not want to lose control of assets or set up complex estate plan now
- Wants flexibility
- Wants to “lock in” underwriting class



BRUCE, Age 42

- ❖ Needs \$1M in coverage for future income replacement/debt, etc.
- ❖ Pays ~\$700 annually for term coverage with extended conversion and waiver of premium agreements
- ❖ At Age 50, converts to permanent coverage and has option to guarantee death benefit to advanced age, maximize premium for an increasing death benefit, etc. depending on reasons for converting
- ❖ Can transfer policy before conversion into trust for asset protection, estate preservation, etc.





Wait & See Case Study



Who?

Ideal client:

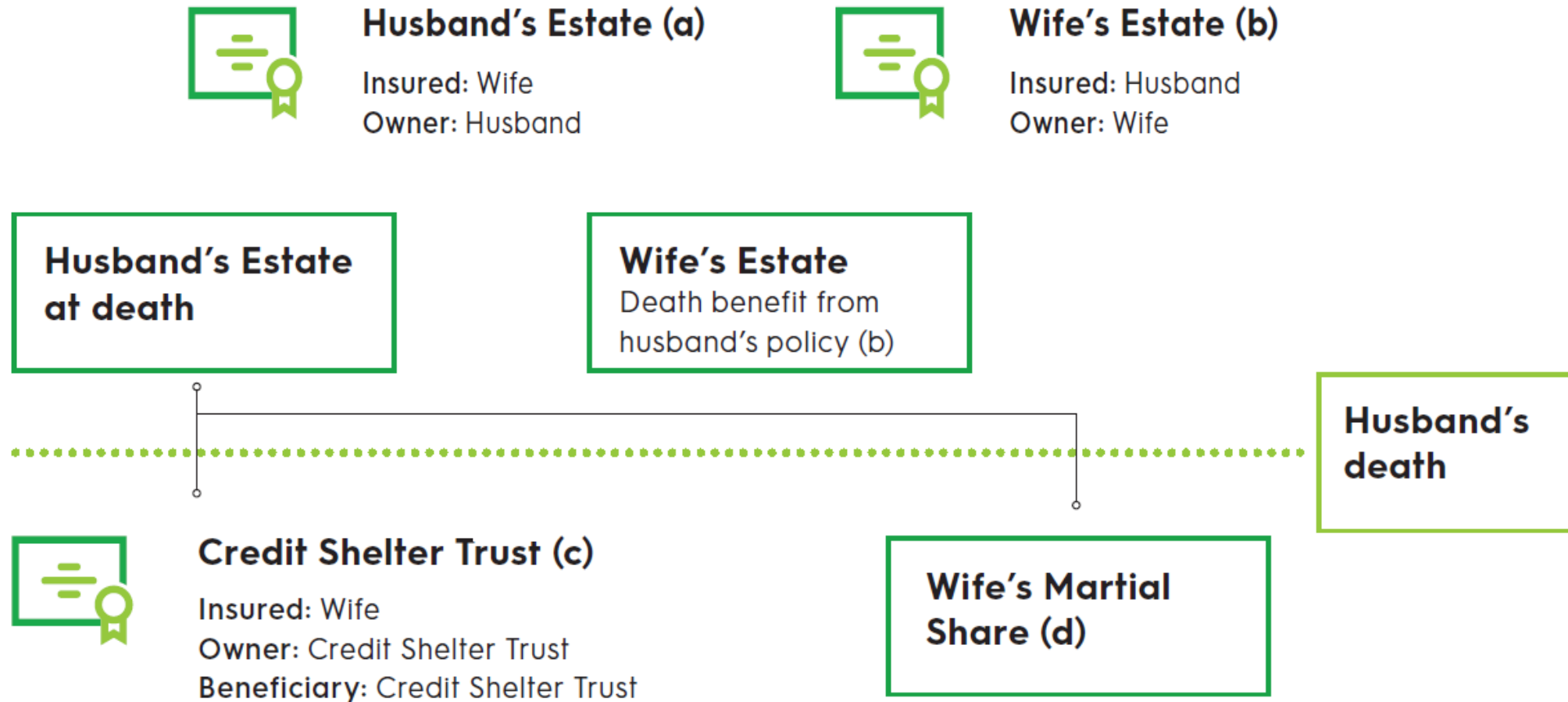
- Pre-retirement
- Ages 40–55
- Married

Issue:

- Possible estate tax issue
- Not ready to lose control of their assets and want to be able to access cash value, if necessary, during retirement



Wait & see estate planning – Two-policy approach



This is a hypothetical example for illustrative purposes only.



WILL & JADA, Ages 46 & 44



- ❖ Have possible estate tax issue, but need continued access to assets + protection
- ❖ Will is going to own policy on Jada and vice versa w/ initial \$500K face funding over 20 years
- ❖ When Will dies at age 75, Jada is going to receive death benefit for continued wealth replacement ~ \$3M
- ❖ Will's policy on Jada is going to drop down into the CST to pay for estate taxes and legacy BUT Jada can still access \$1.8M cash value (CV) using HEMS (health, education, maintenance, support) powers



SLAT Case Study



Who?

Ideal client:

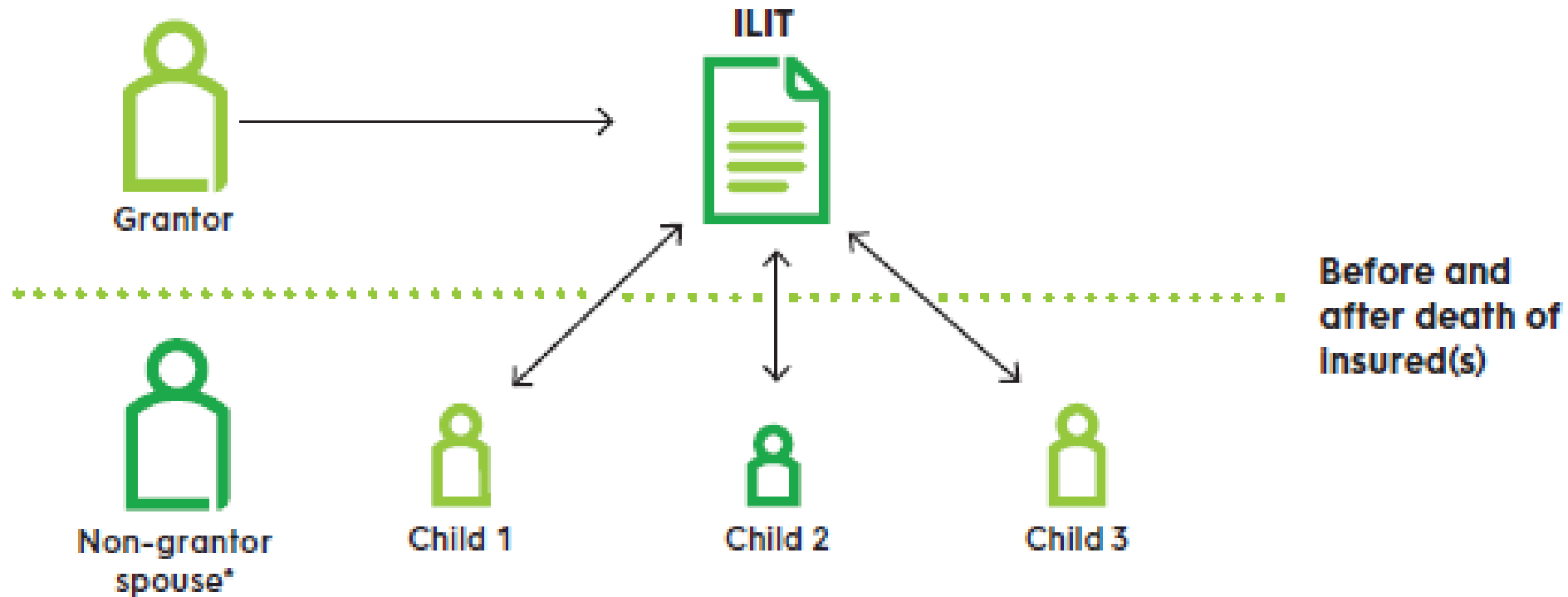
- Married
- Ages 40-55
- Has a little (or a lot) extra cash to gift

Issue:

- Worried about estate taxes, but wants to retain control
- Want access to cash value
- Need asset protection



Spousal limited access trust (SLAT)



This is a hypothetical example for illustrative purposes only.



DEREK & MEREDITH, Ages 50 & 48, Profession: Doctor



- ❖ Have possible estate tax issue, but need continued access to assets + protection
- ❖ SLAT is going to own policy on Derek w/ initial face amount of \$600K (\$47k annual premiums for 10 years)
- ❖ Meredith + kids are beneficiaries of SLAT
- ❖ During both lives, Meredith can access cash value for herself, kids using HEMS powers
- ❖ When Derek retires at 65, Meredith can access CV of \$876K
- ❖ When Derek dies at age 75, Meredith is going to get the death benefit for continued wealth replacement \$1.8M
- ❖ Outside of both their estates to pay for future estate tax



ILIT Case Study



Who?

Ideal client:

- Ages 40-55
- Has extra cash to gift using annual or lifetime exemption

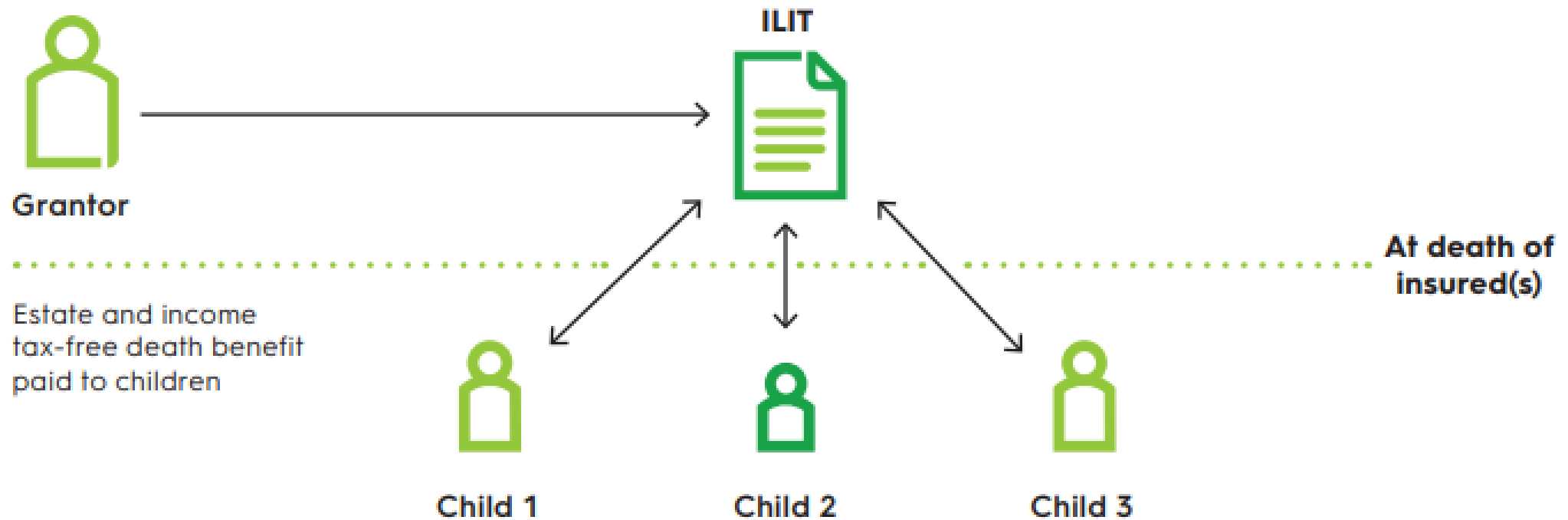
Issue:

- Has estate tax issue
- Does not need access to assets
- Take advantage of large gifting capacity



Irrevocable life insurance trust (ILIT)

Irrevocable life insurance trust



This is a hypothetical example for illustrative purposes only.



LARRY, Age 53



- ❖ Has estate tax liability or high potential of estate tax liability
- ❖ Larry's ILIT gift \$88K per year for 5 years (\$440k premium) & kids are beneficiaries
- ❖ When Larry dies at 80, guaranteed death benefit to kids of ~\$2.4M
 - ❖ Use survivorship policy, if married
 - ❖ Can address second marriage, estate equalization, and asset protection scenarios



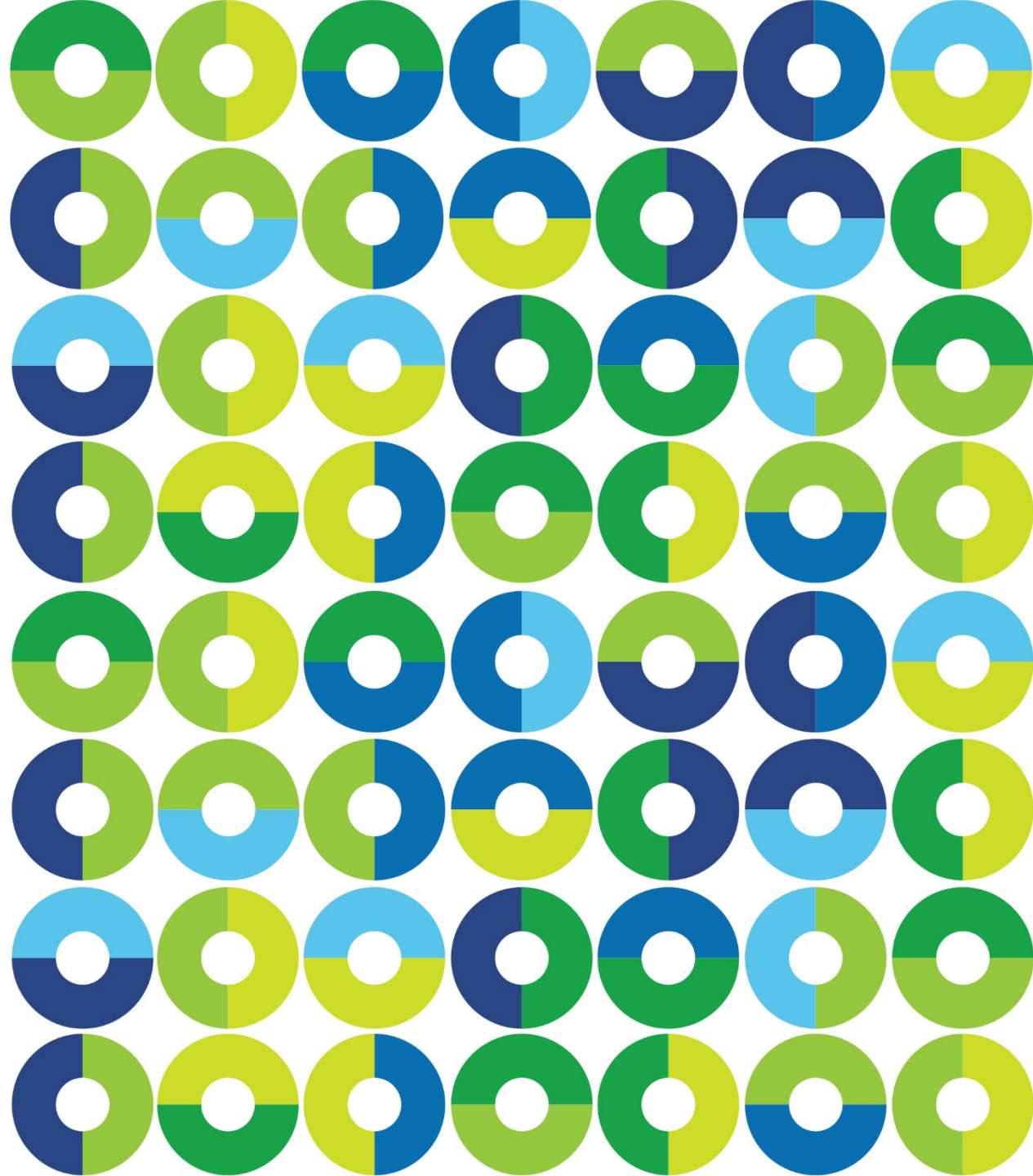
HARRY, Age 47 – Son Bradley, Age 18



- ❖ Limited concern over estate tax, but needs to set aside funds outside of his estate for special needs adult son
- ❖ Fund ILIT using annual gift exclusion amounts for 10 years (\$235k total premium)
- ❖ When Harry dies at age 80, ~\$1.2 M guaranteed death benefit to care for his son's continued care
 - ❖ Estate and income tax free and not countable for son's benefits
- ❖ Trustee to manage affairs of SNT child while maintaining government benefits (Medicaid, etc.)



Resources





Estate planning microsite

- ILITs
- SLATs
- Wait & See Trusts

www.securian.com/epic



Estate planning, individually centered (EPIC)



< Ideas & Tools / Life insurance Sales Ideas and Tools

Putting your client at the heart of the conversation

Estate planning is a deeply personal process that is unique to each client.

It's your client's last chapter, their last word, perhaps their legacy or the springboard for their family into a different lifestyle. It's also a key component to your client's overall financial strategy, and you can be your client's guide through this process.

With these simple steps, you can begin the important work of helping your clients leave a legacy. The EPIC approach to estate planning will help you help them plan for what's next.

Here for you

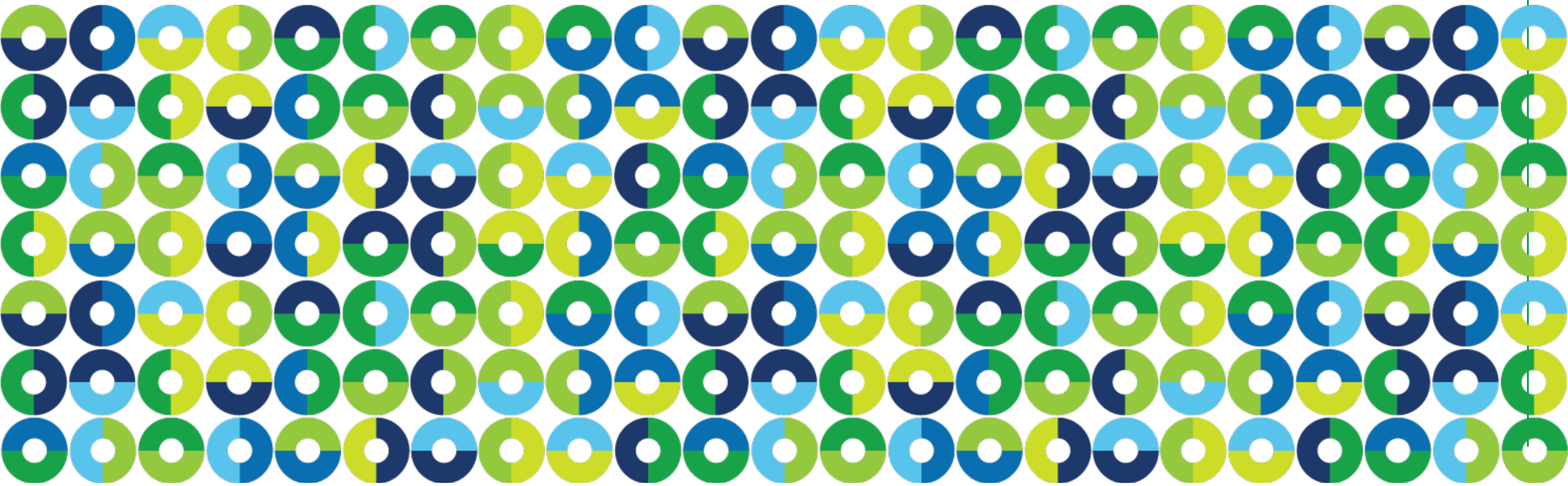
The Securian Financial Advanced Sales Team provides case design consultation, research, legislative review and so much more.

- [1-888-413-7860](tel:1-888-413-7860), option 3
- [Email the team](#)



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The Waiver of Premium agreement does not in any way replace the specific coverages provided in the policy.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

An annuity is intended to be a long-term, tax-deferred retirement vehicle. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59½, may be subject to a 10% federal tax penalty. If the annuity will fund an IRA or other tax qualified plan, the tax deferral feature offers no additional value. Qualified distributions from a Roth IRA are generally excluded from gross income, but taxes and penalties may apply to non-qualified distributions. Please consult a tax advisor for specific information. There are charges and expenses associated with annuities, such as surrender charges (deferred sales charges) for early withdrawals.

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