Leverage and ***Maximize Your Federal Estate Tax Exemption*** Using Single Premium Whole Life (SPWL)

Wealthy families with a federal estate tax issue are often told to leverage their estate tax exemption to minimize estate taxes. Don't have a federal estate tax issue but live in one of the twelve states or the District of Columbia that also have a state estate tax? You might still fall into this category too. State exemptions are often lower than federal exemptions.

Estate tax exemptions are amounts that the federal and state governments allow you to pass on to heirs either during your life through gifts, or at death through bequests, free of gift or estate taxes. However, a common strategy to leverage the exemption is to use some or all of the exemption amount to purchase life insurance inside of an Irrevocable Life Insurance Trust (ILIT). The reason for doing so is because the death benefit would typically exceed the premium needed to purchase the policy, thereby creating financial leverage.

The death benefit serves several purposes—to enhance the legacy passed to heirs and charities, replace the wealth lost to estate and other taxes, or help provide liquidity to the estate to pay the estate taxes by purchasing illiquid assets from the estate for cash from the insurance proceeds, or loaning cash to the estate.

ILITs are generally funded each year to pay ongoing premiums for life insurance policies held by the ILIT. That creates additional accounting and legal administration, as well as fees, to ensure that the ILIT is properly funded and operated, and that potential gift taxes are accounted for. Using Security Mutual Life's **SecuritySP℠** Single Premium Whole Life insurance policy, you can gift some or all of your estate tax exemption amount into the ILIT in one lump sum to purchase the policy and never need to worry about further funding that ILIT in the future.

Here's a basic example of how that may work:

Jill is a 75-year-old female, preferred nonsmoker, with three children and four grandchildren. She is worth an estimated $40 million and wants to leave most of her estate to her family. With appropriate planning, she can shield about $15 million from federal estate taxes because the federal exemption is $15 million per person (for 2026, indexed for inflation). That means that she is exposed to federal estate taxes, and that burden may increase as her wealth increases. Jill decides to set up an ILIT and use $250,000 of her exemption amount to fund the ILIT. The ILIT then purchases a **SecuritySP** policy with a $419,330 death benefit.

Upon Jill's death at age 85, the ILIT receives $419,330 of death benefit which serves to enhance her estate, help replace wealth lost to estate taxes, and to provide liquidity to her estate to pay the taxes.

If your estate is potentially subject to federal and/or state estate taxes upon your death, and an ILIT is an appropriate strategy for you, contact your Security Mutual Life insurance agent to learn about how a SecuritySP Single Premium Whole Life insurance policy can help.

Female - Age 75 - Preferred Nonsmoker
Guaranteed Cash Values and Death Benefits

Year	Attained Age *(End of Year)*	Premiums Base Policy *(Beginning of Year)*	Basic Cash Value *(End of Year)*	Death Benefit *(Beginning of Year)*
1	76	$250,000	$240,213	$419,330
2	77	$0	$247,744	$419,330
3	78	$0	$255,326	$419,330
4	79	$0	$262,932	$419,330
5	80	$0	$270,518	$419,330
10	85	$0	$307,264	$419,330
20	95	$0	$363,551	$419,330
46	121	$0	$419,330	$419,330

Contact me today and I will work with you to evaluate your specific needs:

The applicability of any strategy discussed is dependent upon your individual facts and circumstances. Results will vary. Products and services discussed may not be appropriate for all clients. Your needs, objectives and financial circumstances may be different and must be reviewed and analyzed independently.

The hypothetical example shown within is for illustrative purposes only and does not guarantee or predict the results of any particular product. In preparing the example, we did not take into account the investment objectives, financial situation or particular needs of a specific person. The depicted strategy may not be suitable or appropriate to your individual circumstances. Accordingly, it does not constitute a personal recommendation to you.

This publication describes the features of SecuritySP℠, a single premium whole life insurance policy, in general terms. This is not a policy. In the event of a conflict between the terms outlined within and the policy, the terms of the policy will control. Product, features and benefits may not be available in all states.

This publication is intended for general information purposes or to support the promotion or marketing of Security Mutual Life's products and does not constitute legal or tax advice. Tax laws are complex and subject to change. The information presented is based on current interpretation of the laws. This publication is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Internal Revenue Code or any other applicable tax law. Taxpayers are advised to seek tax advice based on the taxpayer's particular circumstances from an independent tax advisor. This strategy may not be appropriate for everyone. Results will vary based on individual factors and policy performance.

Loans from the policy will reduce the death benefit and cash surrender value and may cause the policy to lapse. Outstanding policy loans accrue interest. Lapse of a policy with a loan may have tax consequences.

Life insurance products are issued by Security Mutual Life Insurance Company of New York. Eligibility for life insurance is subject to the Company's underwriting rules and receipt of payment. Premium rates will vary based on any and all information gathered during the underwriting process. Life insurance policies contain exclusions, limitations and terms for keeping them in force. Your life insurance agent can provide costs and details. Guarantees are based on the claims-paying ability of Security Mutual Life Insurance Company of New York.

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The Company That Cares.®

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