



Dynasty Trust Analysis



A Generation-Skipping Transfer Tax Strategy Using Life Insurance

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The Concern

You have worked diligently to ensure your family's financial security. In your children's formative years, you made sacrifices to build a legacy to secure their financial futures. Now that they have their own families and wealth, you wish to extend this protection over several generations and pass a portion of your estate for the benefit of your grandchildren and great-grandchildren. However, the federal transfer tax laws, including the gift, estate and generation-skipping transfer (GST) taxes could limit the amount you can transfer to a person more than one generation below you (often referred to as a "skip person") without incurring significant taxes.

How the GST Tax Works

The GST tax is a flat-rate tax imposed on transfers to skip persons, such as a gift from a grandparent directly to a grandchild. In the typical scenario, when assets pass from you to your children, and then from your children to your grandchildren, a transfer tax (gift or estate tax) can apply at each generation. When assets pass directly from you to your grandchildren (or into a Dynasty Trust) your children never take ownership and you can effectively bypass any transfer tax that would have been imposed on the transfer from your children. To prevent taxpayers from avoiding generational gift and estate taxes, the government enacted the GST tax. It applies in addition to any gift or estate tax. Importantly, the GST tax is imposed only once, no matter how many generations the transfer ultimately skips. How can you protect your family's wealth across generations while minimizing future estate and GST taxes? One option is a properly structured Dynasty Trust funded with life insurance, which can help preserve assets long-term and reduce future tax exposure.

The Solution

A Dynasty Trust funded with life insurance is a type of Irrevocable Life Insurance Trust (ILIT) designed to benefit successive generations, including children, grandchildren, and beyond. When correctly established, a Dynasty Trust allows assets to be accessed by future generations in the manner you determine, while keeping those assets out of the future generation's taxable estates for estate and gift tax purposes and potentially protecting those assets from creditors or divorce proceedings. State laws dictate how long a Dynasty Trust can remain in effect and how much creditor protection is available.

How the Dynasty Trust Works

A Dynasty Trust can be structured to avoid gift, estate, and GST taxes. This requires careful management to ensure that funding does not exceed the lifetime gift, estate and GST tax exemption and annual exclusion amounts. As of 2026, an individual can transfer up to \$15,000,000 over their lifetime without incurring gift, estate, or GST taxes. However, to protect Dynasty Trust assets from GST tax, your available GST tax exemption should be "allocated" on a properly filed gift tax return (IRS Form 709) to all assets transferred into the Dynasty Trust. You can also make small, annual exclusion gifts (up to \$19,000 per beneficiary in 2026) to the Dynasty Trust without incurring any gift or GST tax. Creating a Dynasty Trust and funding it with life insurance during your lifetime can significantly enhance the assets available to future generations by leveraging your tax exemptions to pay premiums on a policy with significant death benefit that will then be available to address your family's long-term financial needs.

Dynasty Trust Analysis

Benefits

Leverage – The GST exemption can be leveraged by purchasing life insurance, potentially increasing the tax-free transfer amount available to future generations.

Reduced future estate tax – Assets in the Dynasty Trust and the growth on those assets may be held for the benefit of several generations without being subject to generational estate tax liability.

Reduced estate tax – Your estate value is reduced by any annual exclusion gifts made to the Dynasty Trust and the growth on those gifts, minimizing your estate's tax liability.

Favorable tax treatment – Cash values in life insurance policies grow tax-deferred, helping to reduce the Dynasty Trust's income tax burden. Life insurance death benefits are also generally not subject to income tax.

Creditor and divorce protection – Because the Dynasty Trust is irrevocable, and beneficiaries may have limited access to the assets in the Dynasty Trust, those assets may be protected from creditors or divorce proceedings.

Considerations

Proper drafting and implementation – Dynasty Trusts should be drafted by an attorney experienced in these matters to account for all income and transfer tax laws, including the generation-skipping tax. Improper drafting or failing to properly allocate GST tax exemptions could lead to unfavorable tax outcomes.

Restricted access – Gifts to the Dynasty Trust are irrevocable and generally cannot be returned to you. Since a Dynasty Trust is meant to hold assets for multiple generations, current beneficiaries will have limited access compared to a trust without GST tax provisions.

Insurance eligibility – Eligibility for life insurance depends on financial and medical underwriting.

Maximum duration – Dynasty Trusts should be drafted by knowledgeable attorneys to consider relevant laws (rule against perpetuity) that determine a trust's maximum duration.

Additional costs – Life insurance policies include costs such as insurance charges and possible surrender charges. Review the basic illustration for details.

Long-Term Care (LTC) rider – If considering a policy with a long-term care rider where the owner is not the insured, there could be tax and contractual impacts. Consult legal and tax professionals to understand the implications under state and federal tax laws.

The following pages graphically illustrate a projected net amount transferred to your heirs upon your death based on establishing a Dynasty Trust today and:

- 1) You make annual gifts of cash or assets and the Trustee invests it, and
- 2) You make annual gifts of cash and the Trustee uses all or a portion of the gifts to fund a new life insurance policy on your life.

Please refer to the Glossary for a definition of the key terms used in this proposal.

Assumptions and Results Summary

Details for insureds, heirs and policy

Insured 1: Jim Smith, Male age 67, Preferred NonSmoker

Insured 2: Sue Smith, Female age 62, Preferred NonSmoker

Life expectancy assumed: Jim Smith - 21 years, Sue Smith - 27 years, Joint - 30 years*

Youngest Child	Age 38
Youngest Grandchild	Age 15
Youngest Great-Grandchild	Age 1

Product	Protection SIUL
Initial death benefit	22,222,222
Initial premium	131,238
1035 exchange amount	10,000
Riders - see basic illustration for details	

Planning Benefits at Summary Year 30		
	Gift to Trust and Buy Life Insurance	Gift to Trust and Invest
Cumulative New Gifts	3,533,426	3,533,426
Total Premiums Paid	3,533,426	0
Trust Values at death of First Generation	10,571,952	9,318,151
Annual Trust Distribution	336,188	296,317
Cumulative Trust Distributions	981,156	864,794
Death Benefit†	+ 0	0
Trust Side Fund	+ 10,870,081	9,580,923
Net Benefit to Heirs	= 11,851,237	10,445,717
Potential Gain Due from Life Insurance	1,405,520	

†As the Summary year is later than the client(s)' life expectancy, the death benefit has already been paid to the trust and its value is included in the Trust Side Fund row.

*Life Expectancy (LE) is based on 2015 Valuation Basic Table, Select and Ultimate. Life Expectancy (LE) tables are based on actual mortality experience collected from sources such as the life insurance companies and the Social Security Administration. LE tables show the average probability of death by a certain age. The LE data provided is not necessarily indicative of life expectancy, and the insured may live longer than indicated by the table. The LE tables used are not tailored to a particular situation or risk class; rather, they are based on population averages and are presented to help form a generalized idea of potential ages at death.

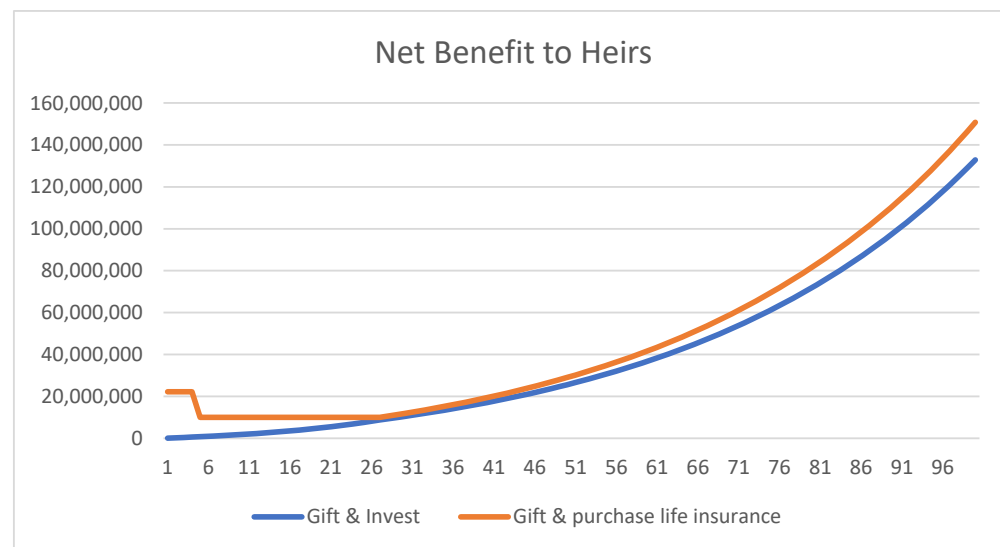
The figures used to demonstrate this concept are based upon both assumptions and data provided by you. Your furnishing of accurate data will help enhance the value of this analysis. All assumed growth rates for assets are based upon information provided and assumed by you and are not a guarantee of the future performance of the life insurance policy or any other assets shown. Please review the accuracy of this information.

This is a supplemental illustration authorized for distribution only when preceded or accompanied by a basic illustration from the issuer. Benefits and values may not be guaranteed; the assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information.

The non insurance data shown is taken from a hypothetical calculation. It assumes a hypothetical rate of return and may not be used to project or predict actual results.

Options selected

Annual Trust Income to Beneficiaries	3%
Trust Side Fund Growth Rate	6.00%
Trust Side Fund Existing Balance	0
Summary Year	Life Expectancy
Gifting Option	Annual Exclusions
Number of Trust Beneficiaries	3
Index Rate for Annual Exclusions	1.00%



Comparison of Alternatives

Year	Age	EOY	Gift to Trust and Purchase Life Insurance						Gift to Trust and Invest					Difference with Life Insurance
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
			BOY Trust Side Fund	Distribution from trust to Heirs 3.00%	Cumulative Distribution from trust to Heirs	Total Trust Side Fund	Policy Death Benefit	Cumulative Benefit to Heirs from Trust	BOY Trust Side Fund	Distribution from trust to Heirs 3.00%	Cumulative Distribution from trust to Heirs	Total Trust Side Fund	Cumulative Benefit to Heirs from Trust	
								3+4+5					9+10	6-11
1	68	63	0	0	0	0	22,222,222	22,222,222	0	0	0	128,512	128,512	22,093,710
2	69	64	0	0	0	0	22,222,222	22,222,222	128,512	0	0	275,335	275,335	21,946,887
3	70	65	0	0	0	0	22,222,222	22,222,222	275,335	0	0	430,968	430,968	21,791,254
4	71	66	0	0	0	0	22,222,222	22,222,222	430,968	0	0	595,938	595,938	21,626,284
5	72	67	0	0	0	0	10,000,000	10,000,000	595,938	0	0	770,807	770,807	9,229,193
6	73	68	0	0	0	0	10,000,000	10,000,000	770,807	0	0	956,167	956,167	9,043,833
7	74	69	0	0	0	0	10,000,000	10,000,000	956,167	0	0	1,152,650	1,152,650	8,847,350
8	75	70	0	0	0	0	10,000,000	10,000,000	1,152,650	0	0	1,360,921	1,360,921	8,639,079
9	76	71	0	0	0	0	10,000,000	10,000,000	1,360,921	0	0	1,581,688	1,581,688	8,418,312
10	77	72	0	0	0	0	10,000,000	10,000,000	1,581,688	0	0	1,815,702	1,815,702	8,184,298
11	78	73	0	0	0	0	10,000,000	10,000,000	1,815,702	0	0	2,063,756	2,063,756	7,936,244
12	79	74	0	0	0	0	10,000,000	10,000,000	2,063,756	0	0	2,326,694	2,326,694	7,673,306
13	80	75	0	0	0	0	10,000,000	10,000,000	2,326,694	0	0	2,605,408	2,605,408	7,394,592
14	81	76	0	0	0	0	10,000,000	10,000,000	2,605,408	0	0	2,900,845	2,900,845	7,099,155
15	82	77	0	0	0	0	10,000,000	10,000,000	2,900,845	0	0	3,214,008	3,214,008	6,785,992
16	83	78	0	0	0	0	10,000,000	10,000,000	3,214,008	0	0	3,545,960	3,545,960	6,454,040
17	84	79	0	0	0	0	10,000,000	10,000,000	3,545,960	0	0	3,897,830	3,897,830	6,102,170
18	85	80	0	0	0	0	10,000,000	10,000,000	3,897,830	0	0	4,270,812	4,270,812	5,729,188
19	86	81	0	0	0	0	10,000,000	10,000,000	4,270,812	0	0	4,666,173	4,666,173	5,333,827
20	87	82	0	0	0	0	10,000,000	10,000,000	4,666,173	0	0	5,085,256	5,085,256	4,914,744
21	88	83	0	0	0	0	10,000,000	10,000,000	5,085,256	0	0	5,529,484	5,529,484	4,470,516
22		84	0	0	0	0	10,000,000	10,000,000	5,529,484	0	0	6,000,365	6,000,365	3,999,635
23		85	0	0	0	0	10,000,000	10,000,000	6,000,365	0	0	6,499,499	6,499,499	3,500,501
24		86	0	0	0	0	10,000,000	10,000,000	6,499,499	0	0	7,028,581	7,028,581	2,971,419
25		87	0	0	0	0	10,000,000	10,000,000	7,028,581	0	0	7,589,409	7,589,409	2,410,591
26		88	0	0	0	0	10,000,000	10,000,000	7,589,409	0	0	8,183,885	8,183,885	1,816,115
27		89	0	0	0	0	10,000,000	10,000,000	8,183,885	0	0	8,814,031	8,814,031	1,185,969
28 *			0	318,000	318,000	10,282,000	0	10,600,000	8,814,031	280,286	280,286	9,062,587	9,342,873	1,257,127
29			10,282,000	326,968	644,968	10,571,952	0	11,216,920	9,062,587	288,190	568,476	9,318,151	9,886,628	1,330,292
30			10,571,952	336,188	981,156	10,870,081	0	11,851,237	9,318,151	296,317	864,794	9,580,923	10,445,717	1,405,520
31			10,870,081	345,669	1,326,824	11,176,618	0	12,503,442	9,580,923	304,673	1,169,467	9,851,105	11,020,572	1,482,870
32			11,176,618	355,416	1,682,241	11,491,798	0	13,174,039	9,851,105	313,265	1,482,732	10,128,907	11,611,639	1,562,400
33			11,491,798	365,439	2,047,680	11,815,867	0	13,863,547	10,128,907	322,099	1,804,831	10,414,542	12,219,373	1,644,174
34			11,815,867	375,745	2,423,424	12,149,075	0	14,572,499	10,414,542	331,182	2,136,014	10,708,232	12,844,246	1,728,253
35			12,149,075	386,341	2,809,765	12,491,678	0	15,301,443	10,708,232	340,522	2,476,536	11,010,204	13,486,740	1,814,704
36			12,491,678	397,235	3,207,000	12,843,944	0	16,050,944	11,010,204	350,124	2,826,660	11,320,692	14,147,352	1,903,592
37			12,843,944	408,437	3,615,438	13,206,143	0	16,821,581	11,320,692	359,998	3,186,658	11,639,935	14,826,593	1,994,988
38			13,206,143	419,955	4,035,393	13,578,556	0	17,613,949	11,639,935	370,150	3,556,808	11,968,181	15,524,989	2,088,960
39			13,578,556	431,798	4,467,191	13,961,472	0	18,428,663	11,968,181	380,588	3,937,396	12,305,684	16,243,080	2,185,583
40			13,961,472	443,975	4,911,166	14,355,185	0	19,266,351	12,305,684	391,321	4,328,717	12,652,704	16,981,421	2,284,930
41			14,355,185	456,495	5,367,661	14,760,001	0	20,127,662	12,652,704	402,356	4,731,073	13,009,511	17,740,584	2,387,079
42			14,760,001	469,368	5,837,029	15,176,233	0	21,013,262	13,009,511	413,702	5,144,775	13,376,379	18,521,154	2,492,108
43			15,176,233	482,604	6,319,633	15,604,203	0	21,923,836	13,376,379	425,369	5,570,144	13,753,593	19,323,737	2,600,099
44			15,604,203	496,214	6,815,847	16,044,242	0	22,860,088	13,753,593	437,364	6,007,508	14,141,444	20,148,952	2,711,136
45			16,044,242	510,207	7,326,054	16,496,689	0	23,822,743	14,141,444	449,698	6,457,206	14,540,233	20,997,439	2,825,304
46			16,496,689	524,595	7,850,648	16,961,896	0	24,812,544	14,540,233	462,379	6,919,586	14,950,267	21,869,853	2,942,691
47			16,961,896	539,388	8,390,037	17,440,221	0	25,830,258	14,950,267	475,419	7,395,004	15,371,865	22,766,869	3,063,389
48			17,440,221	554,599	8,944,636	17,932,036	0	26,876,671	15,371,865	488,825	7,883,830	15,805,351	23,689,181	3,187,490
49			17,932,036	570,239	9,514,875	18,437,719	0	27,952,593	15,805,351	502,610	8,386,440	16,251,062	24,637,502	3,315,091
50			18,437,719	586,319	10,101,194	18,957,663	0	29,058,857	16,251,062	516,784	8,903,224	16,709,342	25,612,566	3,446,291
51			18,957,663	602,854	10,704,048	19,492,269	0	30,196,316	16,709,342	531,357	9,434,581	17,180,546	26,615,126	3,581,190
52			19,492,269	619,854	11,323,902	20,041,951	0	31,365,852	17,180,546	546,341	9,980,922	17,665,037	27,645,959	3,719,893
53			20,041,951	637,334	11,961,236	20,607,134	0	32,568,369	17,665,037	561,748	10,542,670	18,163,191	28,705,861	3,862,508
54			20,607,134	655,307	12,616,543	21,188,255	0	33,804,797	18,163,191	577,589	11,120,260	18,675,393	29,795,653	4,009,145
55			21,188,255	673,787	13,290,329	21,785,764	0	35,076,093	18,675,393	593,878	11,714,137	19,202,039	30,916,176	4,159,916
56			21,785,764	692,787	13,983,116	22,400,122	0	36,383,239	19,202,039	610,625	12,324,762	19,743,537	32,068,299	4,314,940
57			22,400,122	712,324	14,695,440	23,031,806	0	37,727,246	19,743,537	627,844	12,952,606	20,300,305	33,252,911	4,474,335
58			23,031,806	732,411	15,427,852	23,681,303	0	39,109,154	20,300,305	645,550	13,598,156	20,872,773	34,470,929	4,638,225
59			23,681,303	753,065	16,180,917	24,349,115	0	40,530,032	20,872,773	663,734	14,261,910	21,461,385	35,723,296	4,806,737
60			24,349,115	774,302	16,955,219	25,035,760	0	41,990,979	21,461,385	682,472	14,944,382	22,066,596	37,010,979	4,980,001
61			25,035,760	796,137	17,751,356	25,741,769	0	43,493,125	22,066,596	701,718	15,646,100	22,688,874	38,334,907	5,158,150
62			25,741,769	818,588	18,569,944	26,467,687	0	45,037,631	22,688,874	721,506	16,367,606	23,328,701	39,696,307	5,341,324
63			26,467,687	841,672	19,411,617	27,214,075	0	46,625,692	23,328,701	741,853	17,109,459	23,986,570	41,096,029	5,529,663
64			27,214,075	865,408	20,277,024	27,981,512	0	48,258,537	23,986,570	762,773	17,872,232	24,662,991	42,535,223	5,723,314
65			27,981,512	889,812	21,166,837	28,770,591	0	49,937,428	24,662,991	784,283	18,656,515	25,358,488	44,015,003	5,922,425
66			28,770,591	914,905	22,081,741	29,581,922	0	51,663,663	25,358,488	806,400	19,462,915	26,073,597	45,536,512	6,127,151
67			29,581,922	940,705	23,022,446	30,416,132	0	53,438,578	26,073,597	829,140	20,292,055	26,808,872	47,100,928	6,337,651

Comparison of Alternatives

Year	Age EOY	Gift to Trust and Purchase Life Insurance						Gift to Trust and Invest					(12) Difference with Life Insurance
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
		BOY Trust Side Fund	Distribution from trust to Heirs 3.00%	Cumulative Distribution from trust to Heirs	Total Trust Side Fund	Policy Death Benefit	Cumulative Benefit to Heirs from Trust	BOY Trust Side Fund	Distribution from trust to Heirs 3.00%	Cumulative Distribution from trust to Heirs	Total Trust Side Fund	Cumulative Benefit to Heirs from Trust	
							3+4+5					9+10	6-11
68		30,416,132	967,233	23,989,679	31,273,867	0	55,263,546	26,808,872	852,522	21,144,578	27,564,883	48,709,460	6,554,086
69		31,273,867	994,509	24,984,188	32,155,790	0	57,139,978	27,564,883	876,563	22,021,141	28,342,212	50,363,353	6,776,625
70		32,155,790	1,022,554	26,006,743	33,062,583	0	59,069,326	28,342,212	901,282	22,922,423	29,141,463	52,063,886	7,005,440
71		33,062,583	1,051,390	27,058,133	33,994,948	0	61,053,081	29,141,463	926,699	23,849,122	29,963,252	53,812,374	7,240,707
72		33,994,948	1,081,039	28,139,172	34,953,605	0	63,092,777	29,963,252	952,831	24,801,953	30,808,216	55,610,169	7,482,609
73		34,953,605	1,111,525	29,250,697	35,939,297	0	65,189,994	30,808,216	979,701	25,781,654	31,677,007	57,458,662	7,731,332
74		35,939,297	1,142,870	30,393,566	36,952,785	0	67,346,352	31,677,007	1,007,329	26,788,983	32,570,299	59,359,282	7,987,070
75		36,952,785	1,175,099	31,568,665	37,994,854	0	69,563,519	32,570,299	1,035,736	27,824,719	33,488,781	61,313,500	8,250,019
76		37,994,854	1,208,236	32,776,901	39,066,309	0	71,843,210	33,488,781	1,064,943	28,889,662	34,433,165	63,322,827	8,520,383
77		39,066,309	1,242,309	34,019,210	40,167,979	0	74,187,188	34,433,165	1,094,975	29,984,637	35,404,180	65,388,817	8,798,372
78		40,167,979	1,277,342	35,296,552	41,300,716	0	76,597,267	35,404,180	1,125,853	31,110,489	36,402,578	67,513,068	9,084,200
79		41,300,716	1,313,363	36,609,914	42,465,396	0	79,075,310	36,402,578	1,157,602	32,268,091	37,429,131	69,697,222	9,378,088
80		42,465,396	1,350,400	37,960,314	43,662,920	0	81,623,234	37,429,131	1,190,246	33,458,338	38,484,632	71,942,970	9,680,264
81		43,662,920	1,388,481	39,348,795	44,894,214	0	84,243,009	38,484,632	1,223,811	34,682,149	39,569,899	74,252,048	9,990,961
82		44,894,214	1,427,636	40,776,431	46,160,231	0	86,936,662	39,569,899	1,258,323	35,940,472	40,685,770	76,626,242	10,310,420
83		46,160,231	1,467,895	42,244,326	47,461,950	0	89,706,276	40,685,770	1,293,807	37,234,279	41,833,109	79,067,388	10,638,888
84		47,461,950	1,509,290	43,753,616	48,800,377	0	92,553,993	41,833,109	1,330,293	38,564,572	43,012,802	81,577,375	10,976,618
85		48,800,377	1,551,852	45,305,468	50,176,547	0	95,482,015	43,012,802	1,367,807	39,932,379	44,225,764	84,158,143	11,323,872
86		50,176,547	1,595,614	46,901,082	51,591,526	0	98,492,608	44,225,764	1,406,379	41,338,759	45,472,930	86,811,689	11,680,919
87		51,591,526	1,640,611	48,541,693	53,046,407	0	101,588,100	45,472,930	1,446,039	42,784,798	46,755,267	89,540,064	12,048,035
88		53,046,407	1,686,876	50,228,569	54,542,316	0	104,770,884	46,755,267	1,486,817	44,271,615	48,073,765	92,345,380	12,425,504
89		54,542,316	1,734,446	51,963,014	56,080,409	0	108,043,423	48,073,765	1,528,746	45,800,361	49,429,445	95,229,806	12,813,617
90		56,080,409	1,783,357	53,746,371	57,661,876	0	111,408,248	49,429,445	1,571,856	47,372,217	50,823,356	98,195,573	13,212,674
91		57,661,876	1,833,648	55,580,019	59,287,941	0	114,867,960	50,823,356	1,616,183	48,988,400	52,256,574	101,244,974	13,622,986
92		59,287,941	1,885,357	57,465,375	60,959,861	0	118,425,237	52,256,574	1,661,759	50,650,159	53,730,210	104,380,369	14,044,868
93		60,959,861	1,938,524	59,403,899	62,678,929	0	122,082,828	53,730,210	1,708,621	52,358,780	55,245,402	107,604,182	14,478,647
94		62,678,929	1,993,190	61,397,089	64,446,475	0	125,843,564	55,245,402	1,756,804	54,115,584	56,803,322	110,918,906	14,924,658
95		64,446,475	2,049,398	63,446,487	66,263,866	0	129,710,353	56,803,322	1,806,346	55,921,929	58,405,176	114,327,105	15,383,248
96		66,263,866	2,107,191	65,553,678	68,132,507	0	133,686,184	58,405,176	1,857,285	57,779,214	60,052,202	117,831,415	15,854,769
97		68,132,507	2,166,614	67,720,291	70,053,843	0	137,774,135	60,052,202	1,909,660	59,688,874	61,745,674	121,434,548	16,339,587
98		70,053,843	2,227,712	69,948,004	72,029,362	0	141,977,365	61,745,674	1,963,512	61,652,386	63,486,902	125,139,288	16,838,078
99		72,029,362	2,290,534	72,238,537	74,060,590	0	146,299,127	63,486,902	2,018,883	63,671,270	65,277,232	128,948,502	17,350,625
100		74,060,590	2,355,127	74,593,664	76,149,098	0	150,742,763	65,277,232	2,075,816	65,747,086	67,118,050	132,865,136	17,877,627
Totals:		51,963,014						45,800,361					

*In the Gift and Purchase Life Insurance design projected policy death proceeds of \$10,000,000 are deposited to the ILIT side fund at the start of the year.

This is a supplemental illustration authorized for distribution only when preceded or accompanied by a basic illustration from the issuer. Benefits and values may not be guaranteed; the assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information.

The non insurance data shown is taken from a hypothetical calculation. It assumes a hypothetical rate of return and may not be used to project or predict actual results.

Gift to Trust and Invest - Detail Analysis

			(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Age		BOY	BOY	Trust	Distribution	Cumulative	Total Trust	Cumulative
	EOY		Trust	Cash Gift	Side Fund	from trust	Distribution		Benefit
			Side Fund	to Trust	Growth @	to Heirs	from trust	Side Fund	to Heirs
					6.00%	3.00%	to Heirs		from Trust
					(1+2) x 6%	1+2+3-4			
						5+6			
1	68	63	0	121,238	7,274	0	0	128,512	128,512
2	69	64	128,512	131,238	15,585	0	0	275,335	275,335
3	70	65	275,335	131,238	24,394	0	0	430,968	430,968
4	71	66	430,968	131,238	33,732	0	0	595,938	595,938
5	72	67	595,938	131,238	43,631	0	0	770,807	770,807
6	73	68	770,807	131,238	54,123	0	0	956,167	956,167
7	74	69	956,167	131,238	65,244	0	0	1,152,650	1,152,650
8	75	70	1,152,650	131,238	77,033	0	0	1,360,921	1,360,921
9	76	71	1,360,921	131,238	89,530	0	0	1,581,688	1,581,688
10	77	72	1,581,688	131,238	102,776	0	0	1,815,702	1,815,702
11	78	73	1,815,702	131,238	116,816	0	0	2,063,756	2,063,756
12	79	74	2,063,756	131,238	131,700	0	0	2,326,694	2,326,694
13	80	75	2,326,694	131,238	147,476	0	0	2,605,408	2,605,408
14	81	76	2,605,408	131,238	164,199	0	0	2,900,845	2,900,845
15	82	77	2,900,845	131,238	181,925	0	0	3,214,008	3,214,008
16	83	78	3,214,008	131,238	200,715	0	0	3,545,960	3,545,960
17	84	79	3,545,960	131,238	220,632	0	0	3,897,830	3,897,830
18	85	80	3,897,830	131,238	241,744	0	0	4,270,812	4,270,812
19	86	81	4,270,812	131,238	264,123	0	0	4,666,173	4,666,173
20	87	82	4,666,173	131,238	287,845	0	0	5,085,256	5,085,256
21	88	83	5,085,256	131,238	312,990	0	0	5,529,484	5,529,484
22		84	5,529,484	131,238	339,643	0	0	6,000,365	6,000,365
23		85	6,000,365	131,238	367,896	0	0	6,499,499	6,499,499
24		86	6,499,499	131,238	397,844	0	0	7,028,581	7,028,581
25		87	7,028,581	131,238	429,589	0	0	7,589,409	7,589,409
26		88	7,589,409	131,238	463,239	0	0	8,183,885	8,183,885
27		89	8,183,885	131,238	498,907	0	0	8,814,031	8,814,031
28			8,814,031	0	528,842	280,286	280,286	9,062,587	9,342,873
29			9,062,587	0	543,755	288,190	568,476	9,318,151	9,886,628
30			9,318,151	0	559,089	296,317	864,794	9,580,923	10,445,717
31			9,580,923	0	574,855	304,673	1,169,467	9,851,105	11,020,572
32			9,851,105	0	591,066	313,265	1,482,732	10,128,907	11,611,639
33			10,128,907	0	607,734	322,099	1,804,831	10,414,542	12,219,373
34			10,414,542	0	624,873	331,182	2,136,014	10,708,232	12,844,246
35			10,708,232	0	642,494	340,522	2,476,536	11,010,204	13,486,740
36			11,010,204	0	660,612	350,124	2,826,660	11,320,692	14,147,352
37			11,320,692	0	679,242	359,998	3,186,658	11,639,935	14,826,593
38			11,639,935	0	698,396	370,150	3,556,808	11,968,181	15,524,989
39			11,968,181	0	718,091	380,588	3,937,396	12,305,684	16,243,080
40			12,305,684	0	738,341	391,321	4,328,717	12,652,704	16,981,421
41			12,652,704	0	759,162	402,356	4,731,073	13,009,511	17,740,584
42			13,009,511	0	780,571	413,702	5,144,775	13,376,379	18,521,154
43			13,376,379	0	802,583	425,369	5,570,144	13,753,593	19,323,737
44			13,753,593	0	825,216	437,364	6,007,508	14,141,444	20,148,952
45			14,141,444	0	848,487	449,698	6,457,206	14,540,233	20,997,439
46			14,540,233	0	872,414	462,379	6,919,586	14,950,267	21,869,853
47			14,950,267	0	897,016	475,419	7,395,004	15,371,865	22,766,869

Gift to Trust and Invest - Detail Analysis

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Age	BOY	BOY	Trust	Distribution	Cumulative		Cumulative
	EOY	Trust	Cash Gift	Side Fund	from trust	Distribution	Total Trust	Benefit
Year		Side Fund	to Trust	Growth @	to Heirs	from trust	Side Fund	to Heirs
				6.00%	3.00%	to Heirs		from Trust
				(1+2) x 6%			1+2+3+4	5+6
48		15,371,865	0	922,312	488,825	7,883,830	15,805,351	23,689,181
49		15,805,351	0	948,321	502,610	8,386,440	16,251,062	24,637,502
50		16,251,062	0	975,064	516,784	8,903,224	16,709,342	25,612,566
51		16,709,342	0	1,002,561	531,357	9,434,581	17,180,546	26,615,126
52		17,180,546	0	1,030,833	546,341	9,980,922	17,665,037	27,645,959
53		17,665,037	0	1,059,902	561,748	10,542,670	18,163,191	28,705,861
54		18,163,191	0	1,089,791	577,589	11,120,260	18,675,393	29,795,653
55		18,675,393	0	1,120,524	593,878	11,714,137	19,202,039	30,916,176
56		19,202,039	0	1,152,122	610,625	12,324,762	19,743,537	32,068,299
57		19,743,537	0	1,184,612	627,844	12,952,606	20,300,305	33,252,911
58		20,300,305	0	1,218,018	645,550	13,598,156	20,872,773	34,470,929
59		20,872,773	0	1,252,366	663,754	14,261,910	21,461,385	35,723,296
60		21,461,385	0	1,287,683	682,472	14,944,382	22,066,596	37,010,979
61		22,066,596	0	1,323,996	701,718	15,646,100	22,688,874	38,334,975
62		22,688,874	0	1,361,332	721,506	16,367,606	23,328,701	39,696,307
63		23,328,701	0	1,399,722	741,853	17,109,459	23,986,570	41,096,029
64		23,986,570	0	1,439,194	762,773	17,872,232	24,662,991	42,535,223
65		24,662,991	0	1,479,779	784,283	18,656,515	25,358,488	44,015,003
66		25,358,488	0	1,521,509	806,400	19,462,915	26,073,597	45,536,512
67		26,073,597	0	1,564,416	829,140	20,292,055	26,808,872	47,100,928
68		26,808,872	0	1,608,532	852,522	21,144,578	27,564,883	48,709,460
69		27,564,883	0	1,653,893	876,563	22,021,141	28,342,212	50,363,353
70		28,342,212	0	1,700,533	901,282	22,922,423	29,141,463	52,063,886
71		29,141,463	0	1,748,488	926,699	23,849,122	29,963,252	53,812,374
72		29,963,252	0	1,797,795	952,831	24,801,953	30,808,216	55,610,169
73		30,808,216	0	1,848,493	979,701	25,781,654	31,677,007	57,458,662
74		31,677,007	0	1,900,620	1,007,329	26,788,983	32,570,299	59,359,282
75		32,570,299	0	1,954,218	1,035,736	27,824,719	33,488,781	61,313,500
76		33,488,781	0	2,009,327	1,064,943	28,889,662	34,433,165	63,322,827
77		34,433,165	0	2,065,990	1,094,975	29,984,637	35,404,180	65,388,817
78		35,404,180	0	2,124,251	1,125,853	31,110,489	36,402,578	67,513,068
79		36,402,578	0	2,184,155	1,157,602	32,268,091	37,429,131	69,697,222
80		37,429,131	0	2,245,748	1,190,246	33,458,338	38,484,632	71,942,970
81		38,484,632	0	2,309,078	1,223,811	34,682,149	39,569,899	74,252,048
82		39,569,899	0	2,374,194	1,258,323	35,940,472	40,685,770	76,626,242
83		40,685,770	0	2,441,146	1,293,807	37,234,279	41,833,109	79,067,388
84		41,833,109	0	2,509,987	1,330,293	38,564,572	43,012,802	81,577,375
85		43,012,802	0	2,580,768	1,367,807	39,932,379	44,225,764	84,158,143
86		44,225,764	0	2,653,546	1,406,379	41,338,759	45,472,930	86,811,689
87		45,472,930	0	2,728,376	1,446,039	42,784,798	46,755,267	89,540,064
88		46,755,267	0	2,805,316	1,486,817	44,271,615	48,073,765	92,345,380
89		48,073,765	0	2,884,426	1,528,746	45,800,361	49,429,445	95,229,806
90		49,429,445	0	2,965,767	1,571,856	47,372,217	50,823,356	98,195,573
91		50,823,356	0	3,049,401	1,616,183	48,988,400	52,256,574	101,244,974
92		52,256,574	0	3,135,394	1,661,759	50,650,159	53,730,210	104,380,369
93		53,730,210	0	3,223,813	1,708,621	52,358,780	55,245,402	107,604,182
94		55,245,402	0	3,314,724	1,756,804	54,115,584	56,803,322	110,918,906

Gift to Trust and Invest - Detail Analysis

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		BOY Trust Side Fund	BOY Cash Gift to Trust	Trust Side Fund Growth @ 6.00%	Distribution from trust to Heirs 3.00%	Cumulative Distribution from trust to Heirs	Total Trust Side Fund	Cumulative Benefit to Heirs from Trust
Year	Age EOY			(1+2) x 6%			1+2+3+4	5+6
95		56,803,322	0	3,408,199	1,806,346	55,921,929	58,405,176	114,327,105
96		58,405,176	0	3,504,311	1,857,285	57,779,214	60,052,202	117,831,415
97		60,052,202	0	3,603,132	1,909,660	59,688,874	61,745,674	121,434,548
98		61,745,674	0	3,704,740	1,963,512	61,652,386	63,486,902	125,139,288
99		63,486,902	0	3,809,214	2,018,883	63,671,270	65,277,232	128,948,502
100		65,277,232	0	3,916,634	2,075,816	65,747,086	67,118,050	132,865,136
Totals:		3,533,426	91,696,380	45,800,361				

This is a supplemental illustration authorized for distribution only when preceded or accompanied by a basic illustration from the issuer. Benefits and values may not be guaranteed; the assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information.

The non insurance data shown is taken from a hypothetical calculation. It assumes a hypothetical rate of return and may not be used to project or predict actual results.

Gift to Trust and Purchase Life Insurance - Detail Analysis

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
Year	Age EOY		BOY				Trust	Distribution	Cumulative	Total Trust Side Fund	Policy Death Benefit	Cumulative		
			BOY	Insurance	BOY	BOY	Side Fund	from Trust	Distribution			Benefit		
			Trust	Proceeds	Cash Gift	Insurance	Growth @	to Heirs	from Trust			to Heirs		
			Side Fund	at Death	to Trust	Premium†	6.00%	3.00%	to Heirs			from Trust		
(1+2+3-4) x 6%													1+2+3-4+5-6	7+8+9
1	68	63	0	0	121,238	131,238	0	0	0	0	22,222,222	22,222,222		
2	69	64	0	0	131,238	131,238	0	0	0	0	22,222,222	22,222,222		
3	70	65	0	0	131,238	131,238	0	0	0	0	22,222,222	22,222,222		
4	71	66	0	0	131,238	131,238	0	0	0	0	22,222,222	22,222,222		
5	72	67	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
6	73	68	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
7	74	69	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
8	75	70	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
9	76	71	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
10	77	72	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
11	78	73	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
12	79	74	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
13	80	75	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
14	81	76	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
15	82	77	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
16	83	78	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
17	84	79	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
18	85	80	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
19	86	81	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
20	87	82	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
21	88	83	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
22		84	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
23		85	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
24		86	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
25		87	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
26		88	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
27		89	0	0	131,238	131,238	0	0	0	0	10,000,000	10,000,000		
28 *			0	10,000,000	0	0	600,000	318,000	318,000	10,282,000	0	10,600,000		
29			10,282,000	0	0	0	616,920	326,968	644,968	10,571,952	0	11,216,920		
30			10,571,952	0	0	0	634,317	336,188	981,156	10,870,081	0	11,851,237		
31			10,870,081	0	0	0	652,205	345,669	1,326,824	11,176,618	0	12,503,442		
32			11,176,618	0	0	0	670,597	355,416	1,682,241	11,491,798	0	13,174,039		
33			11,491,798	0	0	0	689,508	365,439	2,047,680	11,815,867	0	13,863,547		
34			11,815,867	0	0	0	708,952	375,745	2,423,424	12,149,075	0	14,572,499		
35			12,149,075	0	0	0	728,944	386,341	2,809,765	12,491,678	0	15,301,443		
36			12,491,678	0	0	0	749,501	397,235	3,207,000	12,843,944	0	16,050,944		
37			12,843,944	0	0	0	770,637	408,437	3,615,438	13,206,143	0	16,821,581		
38			13,206,143	0	0	0	792,369	419,955	4,035,393	13,578,556	0	17,613,949		
39			13,578,556	0	0	0	814,713	431,798	4,467,191	13,961,472	0	18,428,663		
40			13,961,472	0	0	0	837,688	443,975	4,911,166	14,355,185	0	19,266,351		
41			14,355,185	0	0	0	861,311	456,495	5,367,661	14,760,001	0	20,127,662		
42			14,760,001	0	0	0	885,600	469,368	5,837,029	15,176,233	0	21,013,262		
43			15,176,233	0	0	0	910,574	482,604	6,319,633	15,604,203	0	21,923,836		
44			15,604,203	0	0	0	936,252	496,214	6,815,847	16,044,242	0	22,860,088		
45			16,044,242	0	0	0	962,654	510,207	7,326,054	16,496,689	0	23,822,743		
46			16,496,689	0	0	0	989,801	524,595	7,850,648	16,961,896	0	24,812,544		
47			16,961,896	0	0	0	1,017,714	539,388	8,390,037	17,440,221	0	25,830,258		
48			17,440,221	0	0	0	1,046,413	554,599	8,944,636	17,932,036	0	26,876,671		
49			17,932,036	0	0	0	1,075,922	570,239	9,514,875	18,437,719	0	27,952,593		
50			18,437,719	0	0	0	1,106,263	586,319	10,101,194	18,957,663	0	29,058,857		
51			18,957,663	0	0	0	1,137,460	602,854	10,704,048	19,492,269	0	30,196,316		
52			19,492,269	0	0	0	1,169,536	619,854	11,323,902	20,041,951	0	31,365,852		
53			20,041,951	0	0	0	1,202,517	637,334	11,961,236	20,607,134	0	32,568,369		
54			20,607,134	0	0	0	1,236,428	655,307	12,616,543	21,188,255	0	33,804,797		
55			21,188,255	0	0	0	1,271,295	673,787	13,290,329	21,785,764	0	35,076,093		

Gift to Trust and Purchase Life Insurance - Detail Analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
		BOY	BOY	BOY	Trust	Distribution	Cumulative			Cumulative	
	Age	BOY	Insurance	Cash Gift	Side Fund	from Trust	Distribution	Total Trust	Policy	Benefit	
	EOY	Trust	Proceeds	to Trust	Growth @	to Heirs	from Trust	Side Fund	Death	to Heirs	
Year		Side Fund	at Death		6.00%	3.00%	to Heirs		Benefit	from Trust	
					(1+2+3-4) x 6%						7+8+9
56		21,785,764	0	0	0	1,307,146	692,787	13,983,116	22,400,122	0	36,383,239
57		22,400,122	0	0	0	1,344,007	712,324	14,695,440	23,031,806	0	37,727,246
58		23,031,806	0	0	0	1,381,908	732,411	15,427,852	23,681,303	0	39,109,154
59		23,681,303	0	0	0	1,420,878	753,065	16,180,917	24,349,115	0	40,530,032
60		24,349,115	0	0	0	1,460,947	774,302	16,955,219	25,035,760	0	41,990,979
61		25,035,760	0	0	0	1,502,146	796,137	17,751,356	25,741,769	0	43,493,125
62		25,741,769	0	0	0	1,544,506	818,588	18,569,944	26,467,687	0	45,037,631
63		26,467,687	0	0	0	1,588,061	841,672	19,411,617	27,214,075	0	46,625,692
64		27,214,075	0	0	0	1,632,845	865,408	20,277,024	27,981,512	0	48,258,537
65		27,981,512	0	0	0	1,678,891	889,812	21,166,837	28,770,591	0	49,937,428
66		28,770,591	0	0	0	1,726,235	914,905	22,081,741	29,581,922	0	51,663,663
67		29,581,922	0	0	0	1,774,915	940,705	23,022,446	30,416,132	0	53,438,578
68		30,416,132	0	0	0	1,824,968	967,233	23,989,679	31,273,867	0	55,263,546
69		31,273,867	0	0	0	1,876,432	994,509	24,984,188	32,155,790	0	57,139,978
70		32,155,790	0	0	0	1,929,347	1,022,554	26,006,743	33,062,583	0	59,069,326
71		33,062,583	0	0	0	1,983,755	1,051,390	27,058,133	33,994,948	0	61,053,081
72		33,994,948	0	0	0	2,039,697	1,081,039	28,139,172	34,953,605	0	63,092,777
73		34,953,605	0	0	0	2,097,216	1,111,525	29,250,697	35,939,297	0	65,189,994
74		35,939,297	0	0	0	2,156,358	1,142,870	30,393,566	36,952,785	0	67,346,352
75		36,952,785	0	0	0	2,217,167	1,175,099	31,568,665	37,994,854	0	69,563,519
76		37,994,854	0	0	0	2,279,691	1,208,236	32,776,901	39,066,309	0	71,843,210
77		39,066,309	0	0	0	2,343,979	1,242,309	34,019,210	40,167,979	0	74,187,188
78		40,167,979	0	0	0	2,410,079	1,277,342	35,296,552	41,300,716	0	76,597,267
79		41,300,716	0	0	0	2,478,043	1,313,363	36,609,914	42,465,396	0	79,075,310
80		42,465,396	0	0	0	2,547,924	1,350,400	37,960,314	43,662,920	0	81,623,234
81		43,662,920	0	0	0	2,619,775	1,388,481	39,348,795	44,894,214	0	84,243,009
82		44,894,214	0	0	0	2,693,653	1,427,636	40,776,431	46,160,231	0	86,936,662
83		46,160,231	0	0	0	2,769,614	1,467,895	42,244,326	47,461,950	0	89,706,276
84		47,461,950	0	0	0	2,847,717	1,509,290	43,753,616	48,800,377	0	92,553,993
85		48,800,377	0	0	0	2,928,023	1,551,852	45,305,468	50,176,547	0	95,482,015
86		50,176,547	0	0	0	3,010,593	1,595,614	46,901,082	51,591,526	0	98,492,608
87		51,591,526	0	0	0	3,095,492	1,640,611	48,541,693	53,046,407	0	101,588,100
88		53,046,407	0	0	0	3,182,784	1,686,876	50,228,569	54,542,316	0	104,770,884
89		54,542,316	0	0	0	3,272,539	1,734,446	51,963,014	56,080,409	0	108,043,423
90		56,080,409	0	0	0	3,364,825	1,783,357	53,746,371	57,661,876	0	111,408,248
91		57,661,876	0	0	0	3,459,713	1,833,648	55,580,019	59,287,941	0	114,867,960
92		59,287,941	0	0	0	3,557,276	1,885,357	57,465,375	60,959,861	0	118,425,237
93		60,959,861	0	0	0	3,657,592	1,938,524	59,403,899	62,678,929	0	122,082,828
94		62,678,929	0	0	0	3,760,736	1,993,190	61,397,089	64,446,475	0	125,843,564
95		64,446,475	0	0	0	3,866,789	2,049,398	63,446,487	66,263,866	0	129,710,353
96		66,263,866	0	0	0	3,975,832	2,107,191	65,553,678	68,132,507	0	133,686,184
97		68,132,507	0	0	0	4,087,950	2,166,614	67,720,291	70,053,843	0	137,774,135
98		70,053,843	0	0	0	4,203,231	2,227,712	69,948,004	72,029,362	0	141,977,365
99		72,029,362	0	0	0	4,321,762	2,290,534	72,238,537	74,060,590	0	146,299,127
100		74,060,590	0	0	0	4,443,635	2,355,127	74,593,664	76,149,098	0	150,742,763
Totals:			10,000,000	3,533,426	3,543,426	98,043,423	51,963,014				

*Projected policy death proceeds of \$10,000,000 are deposited to the ILIT side fund at the start of the year.

†Includes 1035 Exchange amount of \$10,000

This is a supplemental illustration authorized for distribution only when preceded or accompanied by a basic illustration from the issuer. Benefits and values may not be guaranteed; the assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information.

Gift to Trust and Purchase Life Insurance - Detail Analysis

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		BOY Trust Side Fund	BOY Insurance Proceeds at Death	BOY Cash Gift to Trust	BOY Insurance Premium†	Trust Side Fund Growth @ 6.00%	Distribution from Trust to Heirs 3.00%	Cumulative Distribution from Trust to Heirs	Total Trust Side Fund	Policy Death Benefit	Cumulative Benefit to Heirs from Trust
Year	Age EOY										
						(1+2+3-4) x 6%			1+2+3-4+5-6		7+8+9

The non insurance data shown is taken from a hypothetical calculation. It assumes a hypothetical rate of return and may not be used to project or predict actual results.

Glossary

BOY – Values at the beginning of the year.

Cash Gifts to Trust - The amount of cash gifted to the trust by the trust grantor. The trustee can use the cash gift to either pay the premium for the life insurance policy or invest it in the trust side fund.

Cumulative Benefit to Heirs from Trust - The cumulative total of all benefits to the trust heirs including the distributions from the trust, the trust side fund and the trust death benefit.

Distribution from Trust to Heirs - The amount distributed to trust beneficiaries based on the percentage applied.

EOY – Values at the end of the year.

Generation-Skipping Transfer – Gift or transfer that benefits a person who is more than one generation removed from the transferor.

Generation-Skipping Transfer Tax – A flat tax of 40% imposed on transfers that benefit a person who is more than one generation removed from the transferor.

Gift Tax Exclusion Amount – The amount of money that can be passed to any person in a specific calendar year free of gift tax reporting.

Gift Tax Exemption Amount – The amount of money that can be passed to heirs during lifetime free of gift taxes.

Insurance Premium - The amount of premium paid by the trustee for the life insurance owned by the trust.

Insurance Proceeds at Death - At life expectancy of the insured (or the spouse with the longer life expectancy if survivorship), the life insurance death benefit paid to the trust.

Policy Death Benefit - The death benefit of the life insurance policy that is owned by the trust.

Trust Side Fund – The total amount of assets in the trust, excluding the life insurance death benefit, shown at both the beginning and end of year.

Trust Side Fund Growth – The annual growth of the assets in the trust side fund based on the growth rate applied.

Dynasty Trust Analysis - Disclosures

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Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws (including the generation-skipping tax). Failure to do so could result in adverse tax treatment of trust proceeds. There can be costs associated with drafting a trust.

Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for federal income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration. In addition, state and estate taxes may apply in certain instances.

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