

Chapter 9

“Insurance Products and Insurance Planning Techniques in Estate Planning”

Course Description: This course addresses the cash liquidity challenges facing a client’s family to pay the applicable estate tax. The students will learn the very latest and legitimate strategies available to ensure the best interests of their clients are protected.

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Course Syllabus: Recommended Study Time = 6 Hours

Hour 1: Introduction and Course Outline

Federal Taxation of Life Insurance
Income Tax Considerations
Estate Tax Considerations
Charitable Contributions
Premium Deductibility

Modified Endowment Contracts (MECs)
“7-Pay Test” and Federal Law
Avoidance of MEC Circumstances
Non-MEC Policy Withdrawals
MEC vs. Non-MEC Tax Comparison
“Transfer for Value” Insurance Rule
Tax-Free Policy 1035 Exchanges
Ownership Rules of Insurance Policies

Hour 2: The Estate Planning Process
Basic Terms and Elements
Tax and Financial Objectives
Non-Tax Issues and Considerations

Who Needs an Estate Plan?
“Profile Client” for Estate Planning
Goals and Objectives
Basic Components of an Estate Plan

Role of Life Insurance in Estate Planning
Liquidity and Survivor Considerations
Business Succession Planning
Charitable and Wealth Replacement Issues
Family Legacy Intentions

Hour 3: Wealth Transfer and Estate Planning
“EGTRRA” of 2001
Federal Estate Tax 2002-2009
Federal Estate Tax 2010
“Stepped-Up” Basis Issues
“Sunset” Provision in 2011
Reform vs. Repeal Comparisons

Federal Gift Taxes

Federal Generation – Skipping Issues
Rules, Exemptions, and Changes
Case Study I: Financial Impact of Changes
How do you Spell “Relief”?

Transfer of Assets at Death

Gift and Estate Tax Exposure
Decedent’s Estate Components
Testamentary Estate Planning
Case Study II: The “Simple” Plan
Credit-Shelter Trust Elements
Life Insurance Trust Elements

Hour 4:

Estate Planning Strategies

Estate Planning for Uncertainty
Opportunities and Techniques – Post EGTRRA
Holistic Approach to Estate Planning
Case Study III: Insurance as a Partner
Senior Generation Planning Issues
Junior Generation Planning Issues
Credit-Shelter Trust and Insurance Funding

Irrevocable Life Insurance Trusts

Income and Estate Tax Considerations
ILIT Policy Ownership Issues
Traditional vs. ILIT Comparisons

Survivorship Standby Trusts

Alternative Solution and Establishment
During Policy Owner’s Lifetime
Upon Policy Owner’s Death
Gift Tax Consequences

Hour 5:

Charitable Remainder Trust Planning

Income and Estate Tax Exemptions
Best Assets in CRTs and Benefits
Case Study IV: NIMCRUT Application
Planning Solutions for Senior Generation
Insurance Policies in CRTs
Qualified Plans, IRAs, and CRTs
Testamentary CRTs

Charitable Lead Trust Planning

Income and Estate Tax Issues
Opportunity for Gift and GST Tax Issues
Case Study V: Financial Circumstances
Insurance Policies in CLTs
Business Succession Planning and CLTs

Grantor Retained Annuity Trust Planning

Definition and Flexible Applications
Case Study VI: Value and Tax Efficiency
Gifting to Family considerations
Grantor’s Unified Credit Issues
Non-Tax Considerations

Dynasty Trust Planning

- Definition and Structure

- Benefits to Multiple Generations

- Gift Tax Exemptions

- Estate and Gift Tax Consequences

- Life Insurance Funding in Trusts

- Case Study VII: Life Insurance

Hour 6:

Overview of Life Insurance Products

- Objective Purpose Elements

- Appropriate Amount of Coverage

- Proper Types for Identified Needs

- Proper Methods of Ownership

- Proper Beneficiary Considerations

Types of Life Insurance

- Term Insurance

- Whole Life Insurance

- Universal Insurance

- Variable Life Insurance

- Survivorship Life Insurance

Course Review and Summary