

# Dynasty Trust

For: Aaron Tyler



Presented By: \_\_\_\_\_

[Licensed user's name appears here]

## Preface

In the accompanying presentation, you will see the financial data comparing an Irrevocable Non-Dynasty Trust vs. an Irrevocable Dynasty Trust vs. an Irrevocable Insured Dynasty Trust.

### **Irrevocable Trust**

An Irrevocable Trust is one that cannot be modified or terminated without the permission of the beneficiary. Once assets have been transferred into the trust, the grantor has effectively removed all ownership rights to the assets and the trust. Beneficiaries of such trusts are typically the grantor's children.

The assets held by the trust can include a variety of items; for example: a business, investment assets, cash, life insurance. Assuming the trust has been properly drawn, executed, and administered, assets in an irrevocable trust should not be included in the estate of the grantor.

### **Irrevocable Dynasty Trust**

An Irrevocable Dynasty Trust is one in which assets are passed down in trust to the grantor's children, grandchildren, great grandchildren, etc., thus avoiding the estate taxes due at the death of each generation.

In many states, there is currently no limit to the number of generations that can benefit from an

Irrevocable Dynasty Trust; however, there is talk in Washington, DC, to limit such estate tax-free trusts to 90 years -- so the perpetual value of this technique could be significantly affected. (As proposed, new legislation would not be applicable to trusts in effect prior to such legislation.) Coupled with the \$5,000,000 per person gift exemption in 2011-2012, use of this strategy for those with significant wealth should be considered sooner rather than later.

States that allow Irrevocable Dynasty Trusts are: Alaska, Delaware, District of Columbia, Idaho, Illinois, Kentucky, Maine, Maryland, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Ohio, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Virginia, Wisconsin, and Wyoming. (There is no requirement to reside in the state selected.)

### **Irrevocable Insured Dynasty Trust**

An Irrevocable Insured Dynasty Trust is identical to an Irrevocable Dynasty Trust except gifts from the grantor are used to acquire a life insurance policy.

# Dynasty Trust

Presented By: [Licensed user's name appears here]

Generation #1: Aaron Tyler/Susan Tyler

Insured: Aaron Tyler/Susan Tyler

## Preface (continued)

The accompanying material compares and contrasts variations of an Irrevocable Trust as indicated below:

<b>Gift Details</b>	<b>Irrevocable Non-Dynasty Trust</b>	<b>Irrevocable Dynasty Trust</b>	<b>Irrevocable Insured Dynasty Trust</b>
Initial Gift to Trust	\$37,500	\$37,500	\$37,500
Additional Gifts to the Trust	\$37,500 a year in Years 2 through 30	\$37,500 a year in Years 2 through 30	\$37,500 a year in Years 2 through 30
Use of Gifts	Investment @ 4.00% Net	Investment @ 4.00% Net	Premium for Life Insurance*

\* Name of Policy: Indexed Survivor UL  
Insured: Aaron Tyler/Susan Tyler, Ages: 60/55  
Initial Death Benefit: 2,500,000  
Initial Premium: 37,500  
Death Benefit in Year 30: 4,518,723

\* \$4,518,723 death benefit of life insurance at the end of Year 30 assumed invested in the Insured Dynasty Trust. Thereafter, all Trusts are illustrated to compound at the same 4.00% net rate.

Important Note: The information in this report and any referred material is for educational purposes only. In all cases, the approval of legal and tax advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.

Important Note: Values on this page may include non-guaranteed life insurance values. If so, actual results are likely to vary, and this report is not valid unless accompanied by a life insurance basic illustration that details non-guaranteed and guaranteed elements.

# Dynasty Trust

Presented By: [Licensed user's name appears here]

Generation #1: Aaron Tyler/Susan Tyler

Insured: Aaron Tyler/Susan Tyler

## All Generations Irrevocable Trust Comparison of Values

	Initial Gift to Trust 37,500	Trust Net Growth Rate 4.00%	Estate Tax Rate At End of Each Generation 40.00%	Years Illustrated for Each Generation 30
	(1) <b>Irrevocable Non-Dynasty Trust (no life insurance) Growth at Net 4.00%</b>	(2) <b>Irrevocable Dynasty Trust (no life insurance) Growth at Net 4.00%</b>	(3) <b>Irrevocable Insured Dynasty Trust Funded with 2,500,000** Life Insurance</b>	
<b>Generation #1 (Parents):</b>				
Illustrated Gifts to the Trust*	1,125,000	1,125,000	1,125,000	1,125,000
Trust Owned Life Insurance Value After 30 Years	0	0	0	2,500,000**
	2,187,313	2,187,313	2,187,313	4,518,723***
<b>Gain Over Non-Dynasty Trust</b>	<b>n/a</b>	<b>0.00%</b>		<b>106.59%</b>
<b>Generation #2 (Children):</b>				
Beginning Value of Trust	2,187,313	2,187,313	2,187,313	4,518,723***
Value After 30 Years	7,094,324	7,094,324	7,094,324	14,656,015
Less Estate Tax @ 40.00%	(2,837,730)	0	0	0
Trust's Hypothetical Value	4,256,594	7,094,324	7,094,324	14,656,015
<b>Gain Over Non-Dynasty Trust</b>	<b>n/a</b>	<b>66.67%</b>		<b>244.31%</b>
<b>Generation #3 (Grandchildren):</b>				
Beginning Value of Trust	4,256,594	7,094,324	7,094,324	14,656,015
Value after 30 Years	13,805,828	23,009,713	23,009,713	47,535,282
Less Estate Tax @ 40.00%	(5,522,331)	0	0	0
Trust's Hypothetical Value	8,283,497	23,009,713	23,009,713	47,535,282
<b>Gain Over Non-Dynasty Trust</b>	<b>n/a</b>	<b>177.78%</b>		<b>473.86%</b>
<b>Generation #4 (Great-Grandchildren):</b>				
Beginning Value of Trust	8,283,497	23,009,713	23,009,713	47,535,282
Value after 30 Years	26,866,673	74,629,647	74,629,647	154,175,816
Less Estate Tax @ 40.00%	(10,746,669)	0	0	0
Trust's Hypothetical Value	16,120,004	74,629,647	74,629,647	154,175,816
<b>Gain Over Non-Dynasty Trust</b>	<b>n/a</b>	<b>362.96%</b>		<b>856.43%</b>

Note: Growth results are hypothetical and may be higher or lower than indicated.

\*Gifts to all three Trusts are spread over 30 years. (See the Gift Details report.)

\*\*\$2,500,000 is the initial policy death benefit.

\*\*\*4,518,723 death benefit of life insurance assumed invested in the Insured Dynasty Trust at the end of Year 30. Thereafter, all Trusts are illustrated to compound at the same 4.00% net rate.



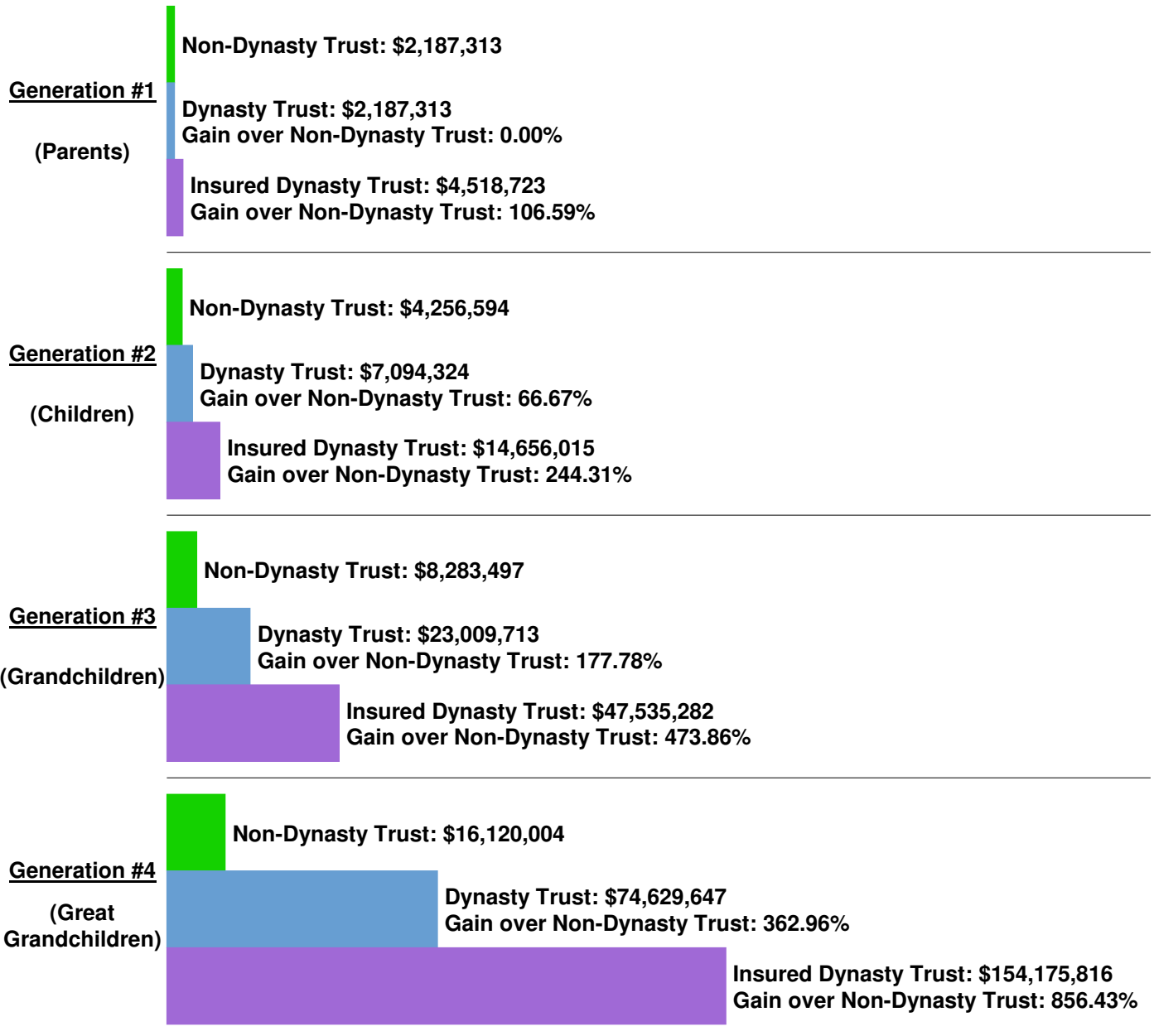
# Dynasty Trust

Presented By: [Licensed user's name appears here]

Generation #1: Aaron Tyler/Susan Tyler

Insured: Aaron Tyler/Susan Tyler

## All Generations Bar Graph Irrevocable Trust Comparison of Values



# Dynasty Trust

Presented By: [Licensed user's name appears here]

Generation #1: Aaron Tyler/Susan Tyler

Insured: Aaron Tyler/Susan Tyler

## Gift Details of the Irrevocable Trust

Initial Death Benefit  
Irrevocable Insured Dynasty Trust  
2,500,000

Year	M/F Ages	Irrevocable Non-Dynasty Trust		Irrevocable Dynasty Trust		Irrevocable Insured Dynasty Trust	
		(1a) Gifts to Trust for Investment	(1b) Gifts to Trust Growth at Net 4.00%	(2a) Gifts to Trust for Investment	(2b) Gifts to Trust Growth at Net 4.00%	(3a) Gifts to Trust for Life Insurance Premiums	(3b) Death Benefit of Life Insurance*
1	60/55	37,500	39,000	37,500	39,000	37,500	2,500,000
2	61/56	37,500	79,560	37,500	79,560	37,500	2,500,000
3	62/57	37,500	121,742	37,500	121,742	37,500	2,500,000
4	63/58	37,500	165,612	37,500	165,612	37,500	2,500,000
5	64/59	37,500	211,237	37,500	211,237	37,500	2,500,000
6	65/60	37,500	258,686	37,500	258,686	37,500	2,500,000
7	66/61	37,500	308,033	37,500	308,033	37,500	2,500,000
8	67/62	37,500	359,355	37,500	359,355	37,500	2,500,000
9	68/63	37,500	412,729	37,500	412,729	37,500	2,500,000
10	69/64	37,500	468,238	37,500	468,238	37,500	2,500,000
11	70/65	37,500	525,968	37,500	525,968	37,500	2,500,000
12	71/66	37,500	586,006	37,500	586,006	37,500	2,500,000
13	72/67	37,500	648,447	37,500	648,447	37,500	2,500,000
14	73/68	37,500	713,385	37,500	713,385	37,500	2,500,000
15	74/69	37,500	780,920	37,500	780,920	37,500	2,500,000
16	75/70	37,500	851,157	37,500	851,157	37,500	2,500,000
17	76/71	37,500	924,203	37,500	924,203	37,500	2,500,000
18	77/72	37,500	1,000,171	37,500	1,000,171	37,500	2,500,000
19	78/73	37,500	1,079,178	37,500	1,079,178	37,500	2,500,000
20	79/74	37,500	1,161,345	37,500	1,161,345	37,500	2,500,000
21	80/75	37,500	1,246,799	37,500	1,246,799	37,500	2,500,000
22	81/76	37,500	1,335,671	37,500	1,335,671	37,500	2,500,000
23	82/77	37,500	1,428,098	37,500	1,428,098	37,500	2,500,000
24	83/78	37,500	1,524,222	37,500	1,524,222	37,500	2,602,428
25	84/79	37,500	1,624,190	37,500	1,624,190	37,500	2,862,079
26	85/80	37,500	1,728,158	37,500	1,728,158	37,500	3,143,242
27	86/81	37,500	1,836,284	37,500	1,836,284	37,500	3,447,629
28	87/82	37,500	1,948,736	37,500	1,948,736	37,500	3,777,054
29	88/83	37,500	2,065,685	37,500	2,065,685	37,500	4,133,435
30	89/84	37,500	2,187,313	37,500	2,187,313	37,500	4,518,723**
		<b>1,125,000</b>		<b>1,125,000</b>		<b>1,125,000</b>	

Investment results are hypothetical and may be higher or lower than indicated.

\*\*4,518,723 death benefit of life insurance assumed invested in the Insured Dynasty Trust at the end of Year 30. Thereafter, all Trusts are illustrated to compound at the same 4.00% net rate.

\*This is an example of an InsMark supplemental illustration for an indexed survivor universal life policy. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details and caveats.

Indexed Survivor UL

Initial Face Amount:	2,500,000
Initial Premium:	0
Death Benefit year 30:	4,518,723

# Dynasty Trust

Presented By: [Licensed user's name appears here]

Generation #1: Aaron Tyler/Susan Tyler

## Gift Analysis of the Irrevocable Trust

Insured: Aaron Tyler/Susan Tyler

		Annual Gift Exclusions 8	Beginning Lifetime Gift Exemption 10,680,000			
Year	M/F Ages	(1) Lifetime Gift Exemption	(2) Annual Gift Exclusion Indexed @ 3.00%*	(3) Maximum Tax Free Gifts Available (1) + (2)	(4) Gift to Trust	(5) Remaining Tax Free Gifts Available (3) - (4)
1	60/55	10,680,000	112,000	10,792,000	37,500	10,754,500
2	61/56	10,680,000	112,000	10,792,000	37,500	10,754,500
3	62/57	10,680,000	120,000	10,800,000	37,500	10,762,500
4	63/58	10,680,000	120,000	10,800,000	37,500	10,762,500
5	64/59	10,680,000	128,000	10,808,000	37,500	10,770,500
6	65/60	10,680,000	128,000	10,808,000	37,500	10,770,500
7	66/61	10,680,000	136,000	10,816,000	37,500	10,778,500
8	67/62	10,680,000	136,000	10,816,000	37,500	10,778,500
9	68/63	10,680,000	144,000	10,824,000	37,500	10,786,500
10	69/64	10,680,000	144,000	10,824,000	37,500	10,786,500
11	70/65	10,680,000	152,000	10,832,000	37,500	10,794,500
12	71/66	10,680,000	160,000	10,840,000	37,500	10,802,500
13	72/67	10,680,000	160,000	10,840,000	37,500	10,802,500
14	73/68	10,680,000	168,000	10,848,000	37,500	10,810,500
15	74/69	10,680,000	168,000	10,848,000	37,500	10,810,500
16	75/70	10,680,000	176,000	10,856,000	37,500	10,818,500
17	76/71	10,680,000	184,000	10,864,000	37,500	10,826,500
18	77/72	10,680,000	192,000	10,872,000	37,500	10,834,500
19	78/73	10,680,000	192,000	10,872,000	37,500	10,834,500
20	79/74	10,680,000	200,000	10,880,000	37,500	10,842,500
21	80/75	0	208,000	208,000	37,500	170,500
22	81/76	0	216,000	216,000	37,500	178,500
23	82/77	0	216,000	216,000	37,500	178,500
24	83/78	0	224,000	224,000	37,500	186,500
25	84/79	0	232,000	232,000	37,500	194,500
26	85/80	0	240,000	240,000	37,500	202,500
27	86/81	0	248,000	248,000	37,500	210,500
28	87/82	0	256,000	256,000	37,500	218,500
29	88/83	0	264,000	264,000	37,500	226,500
30	89/84	0	272,000	272,000	37,500	234,500
			5,408,000		1,125,000	

Values in Column (3) are based on client input assumptions.

\*The Annual Gift Exclusion used in Column (2) is the U.S. government's un-rounded number that is indexed at 3.00% and rounded down to the nearest \$1,000.