

Irrevocable Life Insurance Trust (ILIT)

CONCEPT APPLIED:

Individually owned life insurance faces exposure to creditors during the owner's life and estate tax on the death benefits. Use of an ILIT can keep the policy from creditors and the proceeds out of the estate.

HOW IT WORKS:

The ILIT holds a new or existing life insurance policy on the life of the grantor and/or a spouse. If the grantor initially funds the ILIT with cash to pay premiums, any ILIT income earned will be taxed. More often, the ILIT is unfunded, and the grantor makes annual gifts to the trust to be used for premium payments.

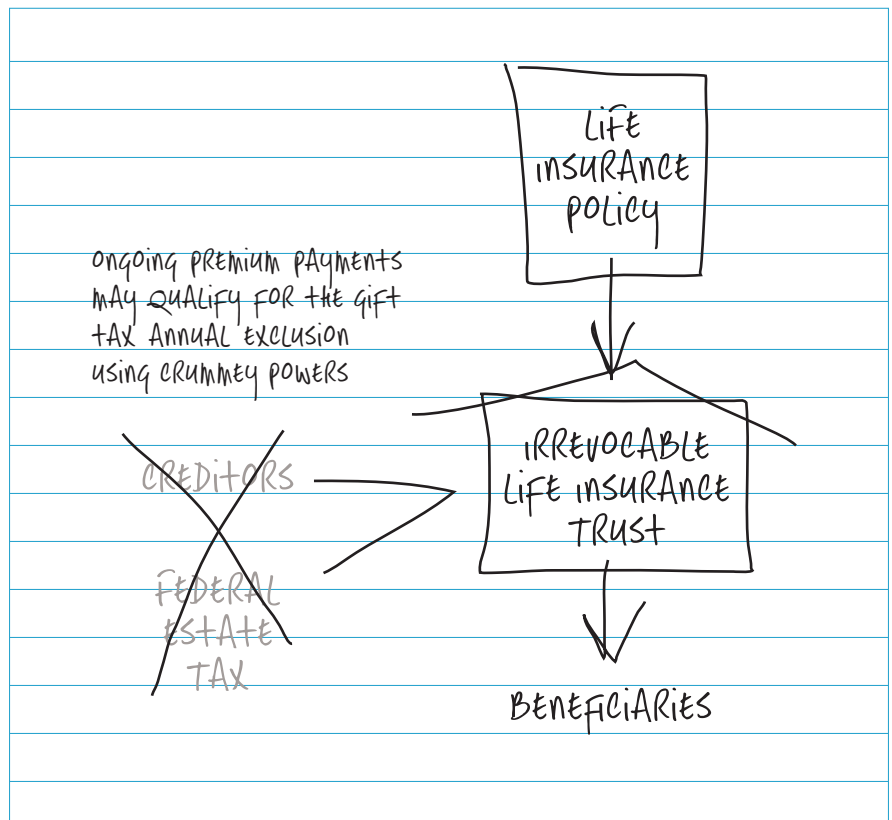
With Crummey powers, these gifts qualify for the gift tax annual exclusion. Crummey powers are trust terms that grant beneficiaries the power to withdraw transfers from the trust. The grantor may not serve as trustee of the ILIT, and may not have any incidents of ownership in the life insurance policy.

WHY IS IT USEFUL?

The ILIT is a flexible planning tool that shelters the policy proceeds from the estate tax and also from creditors. An ILIT does have set-up costs and continued funding obligations.

50 WORDS OR LESS

An ILIT is an irrevocable trust that holds a life insurance policy that will provide estate liquidity and help with beneficiary needs. Because the proceeds are outside of the estate, they avoid the federal estate tax, leaving more money to pay estate expenses or for beneficiaries to use.



hightoweradvisors.com

**200 W Madison, 25th Floor
Chicago, IL 60606
(312) 962-3800**

**300 Madison Ave, 29th Floor
New York, NY 10017
(917) 286-2717**

**405 Lexington Ave, 42nd Floor
New York, NY 10174
(917) 286-2706**

Copyright 2024, PGI Partners, Inc. ("PGI"), 921 East 86th Street, Suite 100, Indianapolis, Indiana 46240. All rights reserved. PGI provides this information as accurate and authoritative with regard to the subject matter covered as of the date of creation. However, the accuracy of the information cannot be guaranteed since laws and interpretations change. This information herein is not legal, accounting, financial or tax advice. If legal accounting, financial or tax advice, or other expert assistance is required, the services of a competent professional should be sought. PGI is not liable for any loss or damage caused, or alleged to have been caused, by the use of or reliance upon this service.

This information is presented as general information to clients of Hightower per their request or at the suggestion of their Financial Adviser. This document was created for informational purposes only and the opinions expressed are solely those of the team and do not necessarily represent those of Hightower Advisors, LLC, or any of its affiliates. This document and its contents are directed to the specific Hightower client to whom it was addressed and may not be forwarded, copied or relied upon by any other party.

All information and data referenced herein are from sources believed to be reliable. Any opinions, news, research, analyses, prices, or other information contained in this general informational article is provided as general commentary and does not constitute investment advice. Hightower shall not in any way be liable for claims, and make no expressed or implied representations or warranties as to the accuracy or completeness of the information or data, or for statements or errors contained in or omissions from the obtained data and information referenced herein. The data and information are provided as of the date referenced and such data and information are subject to change without notice.

Hightower Advisors, LLC, a registered investment advisor with the SEC. Hightower Advisors is affiliated with Hightower Securities, LLC, which is a member FINRA and SIPC. Securities are offered through Hightower Securities, LLC; advisory services are offered through Hightower Advisors, LLC. No offer of any securities is made by this general information article.

Trust and agency services are provided by Hightower Trust Company, National Association ("Hightower Trust Company"), a wholly owned subsidiary of Hightower Holding, LLC, and an affiliate of Hightower Securities, LLC, Member FINRA/SIPC, and Hightower Advisors, LLC ("Adviser"), an SEC registered investment adviser.