Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

Providing flexibility to preserve your client's estate

Spousal limited access trust (SLAT)

Your sales opportunity

High net worth clients who need liquidity outside of their estate. They may have estates valued high enough to be subject to estate taxes, and wish to protect those assets for the benefit of their spouse.

Solution

Spousal limited access trust

A SLAT is a type of traditional ILIT (irrevocable life insurance trust), with the added flexibility that allows spousal access to the life insurance policy's cash value. Like an ILIT, it owns life insurance outside your client's estate, keeping it from being subject to income or estate taxes.

Features

- Life insurance policy is owned by an irrevocable trust, placing it outside of your client's taxable estate
- If drafted properly, protects assets from creditors
- Allows control of assets on your client's terms for the heirs/beneficiaries of the trust
- Provides a way to access the policy's cash value for use in emergencies, as supplemental retirement income or for other needs

A SLAT may be for people who:

- Are married and considering the use of an ILIT to enhance their estate planning goals
- Desire more control and flexibility than afforded by a traditional ILIT
- Want to maintain a life insurance policy's death benefit outside of their taxable estate
- Desire access to cash value inside an ILIT

Target clients

- Married, with a desire access to cash value inside an ILIT
- Have or will have a federal or state estate tax liability
- Wish to protect and grow assets outside of their estate
- Want to protect assets from creditors
- Want to control the distribution of assets to beneficiaries

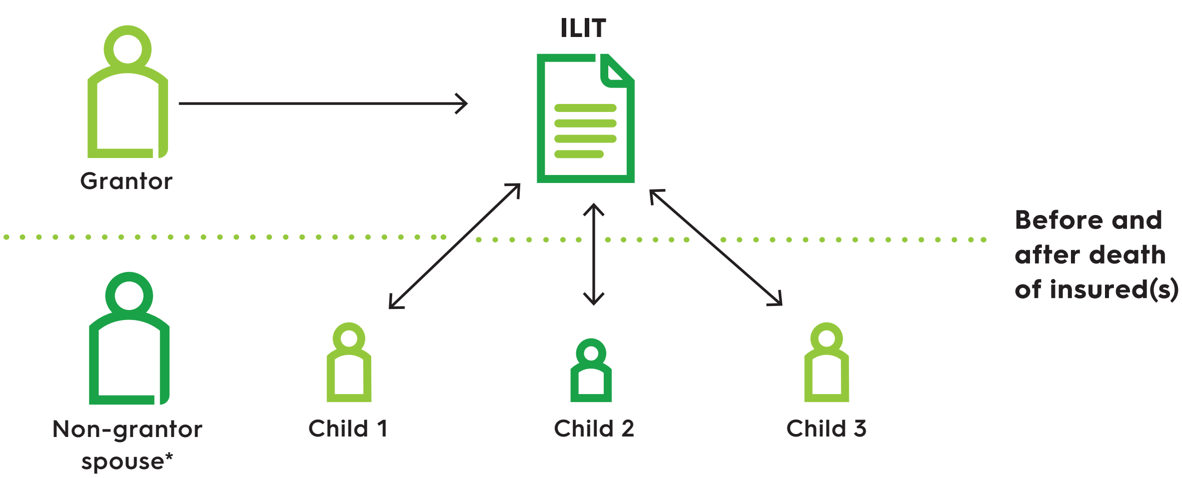
How the SLAT strategy works

- Client(s) establishes a trust for the benefit of his/her spouse, and possibly other heirs. One spouse is the grantor and the other is the non-grantor.
- The trustee purchases a single life or survivorship life insurance policy.
- Client gifts the premiums to the SLAT, which pays the premium on the life insurance policy.

If your client's estate is well in excess of $12.92 million for 2023, give us a call to discuss their potential estate tax issue.

Grantor

Person who establishes (creates) a trust. He or she decides what property to include and who the beneficiaries will be. Once a grantor places assets into an irrevocable trust, it is a gift to the trust and the grantor cannot revoke it.



The SLAT strategy provides flexibility for the client's estate planning by creating a decision point at some time in the future. For most clients, the decision point is retirement. Clients have two choices:

With distributions Under limitations of the terms of the trust, the non-grantor spouse may choose to take income from the trust via the cash value in the life insurance contract.

Without distributions This individual may also choose not to take distributions and simply maintain the death benefit for estate tax purposes.

*Non-grantor spouse has access to cash value for his or her health, education, maintenance and support.

Benefits

If properly administered and drafted, a SLAT:

- May reduce both federal and state estate taxes by taking death benefit proceeds out of the estate
- Provides liquidity at death to pay estate taxes or increase the beneficiaries' inheritance
- Protects the trust assets from beneficiaries' creditors
- May allow professional management of trust assets, with the use of an independent trustee
- May allow an independent trustee (such as a corporate trustee) absolute discretion to make distributions to the beneficiaries

Considerations

- Desired annual life insurance premium may be greater than annual exclusion gifts
- If circumstances change, the grantor is not able to change the terms of the trust after it is established
- The grantor cannot terminate the SLAT once it is established
- Assets in a SLAT are not available for the grantor's access or use
- Transfers of assets to a SLAT may only be used for the benefit of trust beneficiaries
- Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods

Learn more

To learn how a spousal limited access trust can help build a secure financial future for your clients and their families. Contact your Life Sales Support Team today:

1-877-696-6654 (Securian Financial and broker-dealer)

1-888-413-7860, option 1 (independent brokerage)

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

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