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Minnesota Life Insurance Company

TCJA PROFILES/OPPORTUNITY/CONVERSATION

The Tax Cuts & Jobs Act expires at midnight on January 1, 2026

Be prepared: Tax landscape could change significantly for millions of taxpayers

In 2017, Congress passed a broad tax reform called the Tax Cuts & Jobs Act (TCJA), which brought substantial changes to the tax code, including lowering tax rates, increasing standard deductions, and raising the limit on lifetime gift and estate tax exclusion. These changes were made temporary to allow for faster approval and limit impacts on the federal deficit and are now going to "sunset" or expire at the end of 2025, unless Congress takes other action.

What will happen on January 1, 2026?

TCJA sunsets	TCJA is extended	TCJA gets modified
• Tax brackets, rates and standard deductions all revert to 2017 numbers* • Lifetime exemption reverts to the 2017 amount of $5.49 million* • No cap on state & local tax (SALT) deduction • Income phaseout for child tax credit reverts to 2017 level • Alternative minimum tax exemptions and formulas return • Charitable deduction for cash gifts decreases from 60 to 50% *Indexed for inflation in 2026	Should the Tax Cuts & Jobs Act not sunset, all current tax rates, rules and formulas will remain the same until new legislation impacts them.	?

Don't wait – Talk to a financial professional now

With TCJA sunsetting at the end of 2025, it may be advisable to put convertible term insurance in place now while you are insurable. Estate plans take time to assemble, and employing the right professionals is a significant undertaking. Underwriting alone may take months to complete. Consider hiring professionals – such as CPAs, estate planning attorneys and appraisers – to execute complex estate planning. Know that it may be difficult in the short timeframe. These professionals can often be booked out six to 12 months during times of expected tax changes.

What are my options?

Depending on varying factors, you'll have several options and strategies to consider, such as life insurance and estate planning, to make the best of these changes.

Most flexible ⟷ **Least flexible**

Most flexible			Least flexible
• You have a potential estate tax issue. • You cannot employ professionals or you want to wait to see how the tax law unfolds. • You do not want to lose control of assets. • You want flexibility to plan in the future with current cost-savings using a term policy today.	• You're married. • You have a potential estate tax issue. • You do not want to lose control of assets. • You want to accumulate assets and want access to cash value. • If TCJA does not sunset, you still have an estate plan that offers full flexibility and tax planning for future changes.	• You're married. • You have an estate tax issue now. • You do not want to lose total control of assets. • You want to accumulate assets and want limited access to cash value via your spouse. • You have excess assets to gift today using annual and lifetime exclusions.	• You have an estate tax issue now. • You do not need access to the assets. • You have excess assets to gift today. • You want to "use it or lose it" by taking advantage of the highest federal estate tax exclusion amount in history to protect your legacy.
Strategy: **Term life insurance** provides protection now but can later be converted to survivorship life insurance which can include: • Estate Preservation Rider • Policy Split Rider • 1st Year Conversion Credit	**Strategy:** **Wait and see estate planning** allows you to set up your estate plan today. It allows you to pay taxes outside of your estate using cross-owned life insurance policies, while retaining complete flexibility to make changes to your estate plan and full access to your assets.	**Strategy:** **Spousal limited access trust** (SLAT) allows you to gift assets outside of your estate today while naming your spouse and heirs as beneficiaries of the trust. This provides creditor protection and limited access to your assets via your spouse in the event of unforeseen events. Using life insurance leverages the gifts and provides liquidity to pay taxes outside of your estate.	**Strategy:** **Irrevocable life insurance trust** (ILIT) allows you to irrevocably gift assets outside of your estate while utilizing the highest-ever lifetime exemption today. Although you will not be able to access your assets in your lifetime, using the gifts inside the trust to pay premiums on life insurance leverages your assets and creates the liquidity to pay taxes outside of your estate.

Why life insurance?

- Life insurance provides immediate liquidity to pay the estate tax at death. The cash to pay premiums can be gifted directly into an irrevocable trust to maximize the higher exemption available now. If properly structured, the death benefit will be income and estate tax-free.
- Gifting appreciated assets (i.e., investments, real estate) to an irrevocable trust carries over the basis (what you paid for the asset) to the beneficiary, making the future sale of those assets potentially subject to capital gains. Normally, if you die leaving appreciated assets to the beneficiary, they receive a step-up in basis, which is often more advantageous.
- In more flexible scenarios mentioned above, cash value can be accessed through loans and withdrawals.

Includes updates from the Tax Cuts and Jobs Act (Pub.L.115-97, H.R.1) enacted December 22, 2017.

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

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

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. You should consult your tax advisor when considering taking a policy loan or withdrawal.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

This is a general communication for informational and educational purposes. The information is not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. If you are seeking investment advice or recommendations, please contact your financial professional.

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