

The
irrevocable
life insurance
trust

(R-3/2016)

Allianz Life Insurance Company of North America

The irrevocable life insurance trust

Protecting the legacy you leave
to your family.

Pass on more of the financial security you've created

If you hope to leave a legacy for your family, you should know that the assets that you've worked hard to accumulate could be substantially reduced by the federal estate tax upon your death. And in some states, state death taxes may also take a portion of your estate.

Life insurance
can help preserve
**YOUR
LEGACY.**

Fortunately there is a way to provide death benefit proceeds upon your death and to potentially preserve more of your estate for your survivors.

An irrevocable life insurance trust (ILIT), named as the owner and beneficiary of a life insurance policy, is a time-tested method of providing your family with a death benefit when it is needed most. Though you have to prove your good health and be "insurable" today to qualify, and life insurance premiums are required, the benefits of establishing a life insurance trust today can outweigh the drawbacks associated with establishing and maintaining a trust, and buying life insurance. You should consult your estate planning attorney to discuss whether an ILIT would be appropriate for your situation.

Benefits of an irrevocable life insurance trust

- If the ILIT is properly drafted, established, funded, and administered, the death benefit paid to the ILIT should not be included in the taxable estate of the insured for federal estate tax purposes (and depending on the state may not be subject to state death taxes), as it would be if you owned your own policy.
- After your death, when money is needed most, life insurance provides death benefit proceeds to the trust and the proceeds are distributed pursuant to the terms of the trust.
- An ILIT is not subject to the probate process.
- The gifts to the ILIT will reduce the size of your estate, which will reduce federal (and potentially state) estate taxes.
- The ILIT can provide "control from the grave." The trustee will manage the assets in it after your death, making controlled distributions in the way that you indicated in the trust document. Therefore, you can potentially avoid having your children or other beneficiaries misuse the money after your death.

For all that's ahead.®

Allianz 

Must be accompanied by the "Understanding fixed index universal life insurance" consumer brochure (M-3959).

Product and feature availability may vary by state.

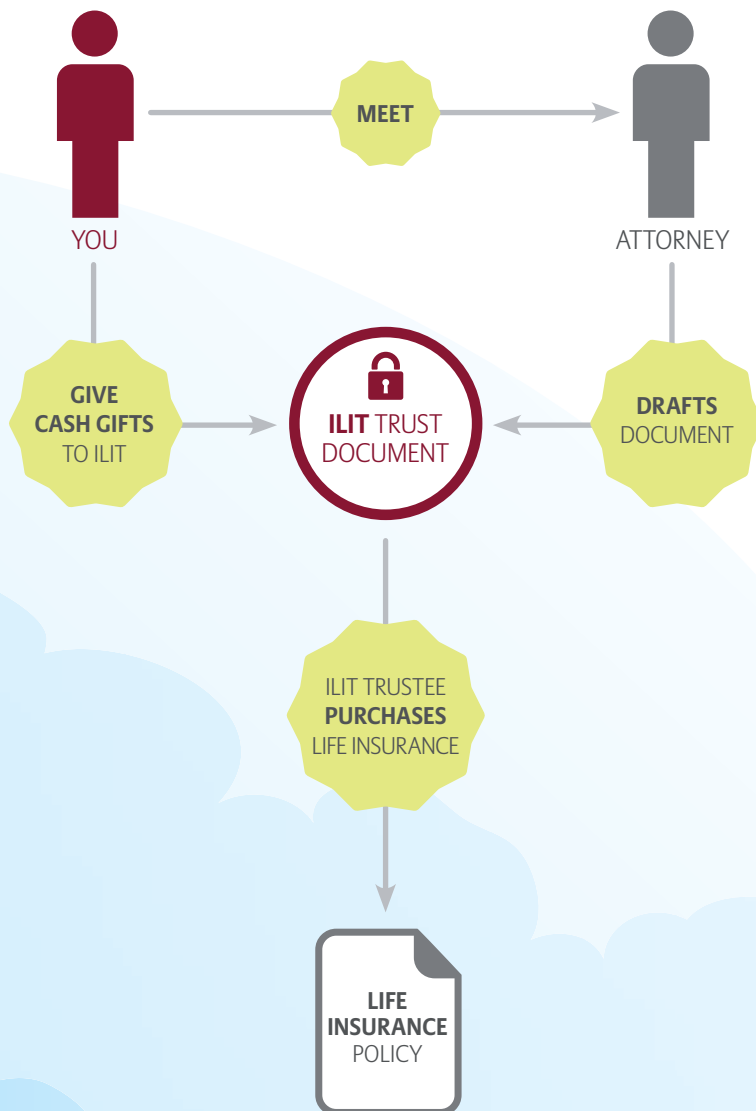
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How the irrevocable life insurance trust (ILIT) works.

Special considerations

Like any other estate planning strategy you may use, there are certain limitations and special considerations you should know about and consider before establishing an ILIT to purchase life insurance:

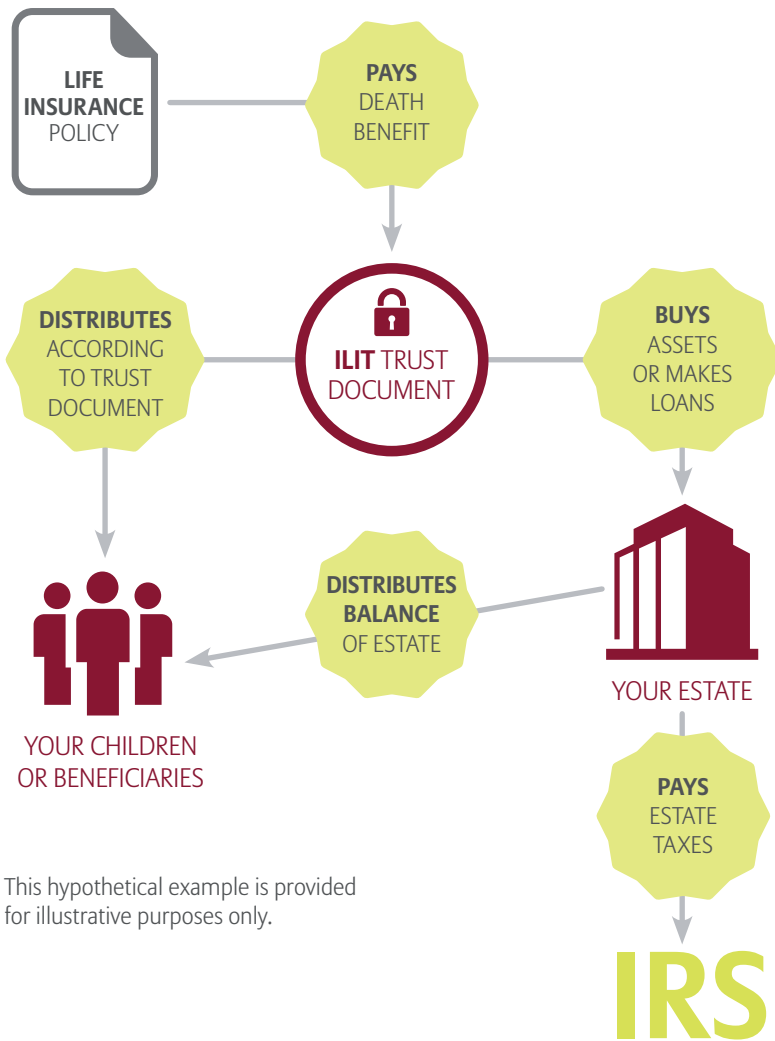
- You have to prove good health and be “insurable” to qualify for life insurance. For second-to-die life insurance, in most cases at least one spouse must be insurable. Keep in mind that most life insurance policies require both health and financial underwriting.
- You cannot terminate or change the trust once it has been established.
- Any cash value of the policy and other assets in the ILIT are not available for your access or use.
- Cash gifted to the ILIT is subject to federal and potentially state gift taxes depending on the amount of the gift and the availability of the annual gift tax exclusion(s) and lifetime exemption. You should consult with your estate planning attorney to assist with the potential gift tax issues.
- There are costs (i.e., legal fees, potential trustee costs, and costs associated with estate planning professionals) to establish and administer the trust, in addition to the charges in a life insurance policy.



This hypothetical example is provided for illustrative purposes only.

You establish your ILIT today by first talking to an attorney to draft the ILIT document. Then you would make gifts of cash to the ILIT. The trustee for the ILIT is named the owner and beneficiary of a life insurance policy on your life, or on the joint lives of you and your spouse.

How the irrevocable life insurance trust (ILIT) works when death benefit is paid.



This hypothetical example is provided for illustrative purposes only.

Then after your death, or after the death of both you and your spouse (when second-to-die life insurance is purchased), the death benefit is paid income-tax-free to the ILIT. The cash in the ILIT can then be distributed as indicated in the trust document as a replacement for the cash used in the estate to pay the estate taxes. Alternatively, the ILIT can buy assets, or make loans to your estate, which would be used to pay the estate taxes. The property in the ILIT would be distributed as determined by the ILIT trust document.

Your financial professional is here to help.

Along with your legal counsel and accountant, your financial professional is an important resource for assistance in sorting through the complexities of legacy planning.

Your financial professional can help explain various factors involved with legacy planning and might be able to suggest customized solutions and strategies that honor the unique characteristics of your family. However, in many cases, he or she may only be able to suggest you discuss your situation with an attorney or tax advisor.

Inheritance and legacy strategies can present many financial and emotional challenges. But like all the milestones you reach together – births, graduations, and marriages – legacy planning is an opportunity that can bring you closer as a family.

Just keep the benefits and special considerations in mind and approach legacy planning one step at a time.

Talk to your attorney and financial professional to discuss whether an ILIT is appropriate for you.

This brochure is designed to provide general information on the subjects covered. It is not, however, intended to provide specific legal or tax advice and cannot be used to avoid tax penalties or to promote, market, or recommend any tax plan or arrangement. Please note that Allianz Life Insurance Company of North America, its affiliated companies, and their representatives and employees do not give legal or tax advice. You are encouraged to consult your tax advisor or attorney.



True to our promises ... so you can be true to yours.®

A leading provider of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) bases each decision on a philosophy of being true: **True to our strength** as an important part of a leading global financial organization. **True to our passion** for making wise investment decisions. And **true to the people we serve**, each and every day.

Through a line of innovative products and a network of trusted financial professionals, and with over three million contracts issued, Allianz helps people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz is proud to play a vital role in the success of our global parent, Allianz SE, one of the world's largest financial services companies.

While we pride ourselves on our financial strength, we're made of much more than our balance sheet. We believe in making a difference with our clients by being true to our commitments and keeping our promises. People rely on Allianz today and count on us for tomorrow – when they need us most.

Guarantees are backed solely by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.

Product and feature availability may vary by state and broker/dealer.

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