



VANTAGEPOINTSM ESTATE PLANNING WITH RETURN OF PREMIUM

Estate Planning in a Legislatively Uncertain Environment

Your Client: Wealthy individual whose estate planning needs require a life insurance product that fills the gap between traditional term and universal life insurance.

Situation: Your client is concerned about the impact of federal estate taxes, but at the same time doesn't want to commit to a universal life insurance policy due to legislative uncertainties or perhaps a desire to conserve premium costs.

Strategy:

- Client establishes Irrevocable Life Insurance Trust (ILIT) and funds with annual gifts¹.
- ILIT buys VantagePoint term life insurance with Return of Premium on client using client's gifts to pay premiums. VantagePoint is a term life insurance policy with guaranteed level premiums for 15, 20 or 30 years with non-guaranteed, annually increasing premiums thereafter. Unlike traditional term life insurance, VantagePoint will return the premiums if the insured survives to the end of the term¹.
- ILIT has flexibility to keep policy until the status of future estate taxation is resolved; surrender anytime after year 4 for partial return of premium or after 15, 20 or 30 years – depending on product purchased – for full return of premium²; or to convert policy to a UL within first 10 policy years.³

Example:

- Benjamin Lizardo is a 50-year old widower with a net worth of \$7 million.
- He establishes an ILIT, naming his 3 adult sons as beneficiaries, and makes annual exclusion gifts to the trust of \$36,000. The gifts are subject to withdrawal notices to the beneficiaries
- The trust insures Benjamin with a \$4 million VantagePoint 15-year term life insurance policy with the Basic Cash Value rider. The annual premium is about \$34,100 per year (Preferred No Nicotine Use).
- If Benjamin survives to the end of the 15-year period, the trust can surrender the policy and get a return of all premiums paid - \$511,485. It can also convert the policy to a universal life insurance policy within the first 10 years for long-term coverage.

*Underwritten by
Genworth Life and
Annuity Insurance
Company

Genworth
Life Insurance
Company
Lynchburg, VA*

Genworth Life Insurance Company underwrites VantagePoint term life insurance (Policy Form No. TLNCVGE05 et al.)
Genworth Life and Annuity Insurance Company underwrites VantagePoint term life insurance (Policy Form No. TLNCVFCL05 et al.). Both companies are in Lynchburg, VA. Subject to state availability and issue limitations.

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1 To qualify for the exclusion amount, the gift must be a gift of a present interest – that is, the trust beneficiaries must have an immediate right to the “use and enjoyment” of the gifts. But, this right does not have to be permanent. If reasonable notice is provided and the beneficiaries opt not to exercise their withdrawal rights, the trustee is free to use the gift to pay premiums on the life insurance policy. In addition, if a beneficiary chooses not to withdraw the entire gift, the amount not taken may be subject to federal gift or estate taxation to the extent that amount exceeds the greater of \$5,000 or 5% of the value of the trust. Gifting to an ILIT involves many tax issues, not all of which are addressed here. Clients should consult with their tax advisor regarding tax implications.

2 The rider provides a benefit at the end of the initial premium period equal to all premiums due and paid, less any flat extra premium and outstanding loan amounts. After the fourth policy year and before the end of the initial premium period, the rider provides cash value benefits that are less than the amount of premiums paid. No cash value benefit is paid at the insured’s death, only the policy face amount. Policies with a return of premium feature usually cost more than policies without this feature. The Basic Cash Value Rider provides typical intermediate values, while the Enhanced Cash Value Rider provides higher intermediate values for a higher cost.

3 Convertible only to a life insurance policy made specifically available by the First Colony Life Insurance Company or Genworth Life Insurance Company for this purpose. Premium rates will be those in effect at the time of the conversion, not when the VantagePoint policy was first issued.