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DYNASTY
LIFE INSURANCE

• Create your own dynasty!

• Build a financial legacy for your family and for future generations!

• Dynasty life insurance is the key aspect to a dynasty trust!

Dramatically increase your family's wealth, security and quality of life.

ESTABLISH A DYNASTY THAT LASTS FOR GENERATIONS

HOWARD KAYE
INSURANCE AGENCY, LLC.

LIFE INSURANCE ADVISORS

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Dynasty LIFE INSURANCE

Did your Great Grandfather pay for your college education? *Probably not!*

Do you even know his name? *Again, probably not!*

Now there is a way that you can pay for your grandchildren's and even your great grandchildren's college education.

Howard Kaye's new **DYNASTY LIFE INSURANCE** will make sure that **your** great grandchildren will know **your** name!

What is a "Dynasty"?

A dynasty is " a powerful group or family that maintains it's position for a considerable time". The Ming Dynasty and the Ottoman Dynasty were examples of political/geographic dynasties. Baseball's New York Yankees and basketball's Boston Celtics were sports dynasties. The Rockefeller family and the Rothschild family were financial dynasties.

Now you can create your own **Smith Dynasty or Lombardi Dynasty or Goldberg Dynasty!**

A man may love his wife; he may love his children; but he absolutely adores his grandchildren and future great grandchildren!

The goal of many affluent individuals is to pass their wealth down to their children, their grandchildren, and even their great grandchildren, in the most cost efficient way possible. The wealthy individual has worked hard for years to build his estate, and now he wants to provide a financial legacy for his family and future generations.

TRANSFER TAXES are the greatest roadblock in passing down wealth to successive generations. Federal and State Transfer Taxes are onerous to the affluent person.

In 2013:

- **Federal Estate Tax – A maximum rate of 45% is applied to an individual's estate after the Annual Exclusion of $5.25 million.**
- **Federal Gift Tax – Similar to the Federal Estate Tax. A maximum rate of 45% is applied to a lifetime gift of over $5.25 million by an individual.**
- **Federal Income Tax – A maximum rate of 39.6% can be ultimately paid on IRA's, other Qualified Plans, and annuities, that are part of an estate.**
- **Federal Generation Skipping Tax – Similar to the Federal Estate Tax. A maximum rate of 45% is applied to a lifetime gift of over $5.25 million by an individual.**

An unlucky person may find that his state also has a State Estate Tax or a State Gift Tax or a State Income Tax or a State Generation Skipping Tax. This is in addition to the Federal Tax that will be applied!

Prior to 1986, there was no limit to the amount of property that could be left in trust for the benefit of multiple generations of family members. Many great family fortunes were passed down intact, over long periods of time. But, in 1986, Congress created the **"Generation Skipping Transfer Tax"**, which took away the ability to pass unlimited wealth to successive generations. The GST tax was designed to protect against the avoidance of Gift and Estate taxes to individuals more than one generation below that of the transferor (a grandparent gifting directly to a grandchild).

To alleviate this monumental tax dilemma, what should the affluent person do in order to transfer the most amount of assets to his heirs in the most tax efficient manner?

The answer is twofold. With the assistance of an attorney, a **"Dynasty Trust"** is established. Then, within the Trust, a **"DYNASTY LIFE INSURANCE"** policy is purchased. Sounds easy!

What is a "Dynasty Trust"?

A Dynasty Trust is a special type of long-term multi-generational Irrevocable Life Insurance Trust. In a properly structured Dynasty Trust, the income and capital appreciation on the assets placed in the Trust will not be included in the Grantors taxable estate. Unlike a traditional Irrevocable Trust, a Dynasty Trust is designed to, and contains provisions that provide distributions to Trust beneficiaries for several generations, while keeping the remaining Trust assets outside of the beneficiaries' taxable estates.

Most states have repealed the, **"Rule Against Perpetuities,"** meaning that the Trust can go on forever. The tax advantage of a Dynasty Trust is that it never makes a final distribution to a beneficiary to be taxed at a death. Instead, the assets can stay in trust, forever.

If a wealthy person desires to "build a wall" around his wealth, by giving substantial wealth to his children and grandchildren; minimize the effect of Transfer Taxes on future generations; as well as to protect his assets from creditor's claims, then the Dynasty Trust may be the answer.

The key aspect of a Dynasty Trust is Dynasty Life Insurance.

There are several methods for funding the Trust to purchase the Dynasty Life Insurance. The affluent individual (the grantor) can leverage the use of his lifetime Generation Skipping Transfer (GST) exemption by gifting $5.25 million to the Trust in 2013. A married couple can gift $10.5 million. The Trust can use all or some of this amount to pay the premium on the life insurance policy. What this means is that all distributions to beneficiaries of the Trust will be free of gift taxes and estate taxes for the duration of the Trust. The trustee is able to use the death benefit from one policy to purchase more life insurance on the lives of the Trust beneficiaries.

A person can make use of his Annual Gift Exclusion, in 2013, by gifting $14,000 to each of the beneficiaries of the trust. If the grantor and his wife have 2 married children, each with 2 children, then a total of $224,000 annually can be gifted to pay the premiums on the life insurance policy.

The insured can be the grantor or the spouse on an individual policy or a Last-to-Die Policy insuring both their lives. If both grantors are uninsurable then their child can be the insured.

Dynasty

CASE 1

Mr. Johnson, age 70, is the patriarch of a large wealthy family. He would like to pass some of his estate to his grandchildren in a tax efficient manner. He establishes a Dynasty Trust and within the Trust, he buys a Dynasty Survivorship Universal Life Insurance policy on his 70 year old wife and himself – Dynasty Life Insurance. Mr. Johnson utilizes his lifetime Generation Skipping Transfer Exemption in 2013 by gifting $5,250,000 to the Trust. This amount is the single premium for the policy. The death benefit is over **$16,000,000,** which at the Johnson's death, will be paid to the trust, tax free. The Johnson grandchildren and great grandchildren will always remember Grandpa!

CASE 2

Mr. and Mrs. Ford, both age 60, have a $15,000,000 estate. Being generous people, they have already given $10,000,000 to their children, thus using up their lifetime gift exemption. They would like to create a large tax free amount for their grandchildren. Their Attorney sets up a Dynasty Trust for them and they buy a Dynasty Life Insurance policy within the trust. They have 2 children and 4 grandchildren, so the Ford's can gift $168,000 in total to the Trust in 2013, making 12 gifts of $14,000 each. The $168,000 is the annual premium on a Universal policy on Mrs. Ford (Mr. Ford is not insurable), with a death benefit of over **$13,000,000.** The Ford grandchildren's future is very bright!

CASE 3

Mr. Nixon, 75 years old, has a $6,000,000 estate, which includes a $2,000,000 IRA. His grandchildren and a new great grandchild are very important to him, and he would like to provide for them in the future. He establishes a Dynasty Trust and purchases a Dynasty Life Insurance policy on himself. He earns about 6% each year from his IRA, so he distributes $120,000, which is greater than his Required Minimum Distribution, $87,000. He pays taxes on the gross amount, and then gifts $70,000 to the Trust in 2013, making 5 gifts of $14,000 each. The death benefit on the Dynasty Life policy is **$1,800,000**, tax free to the Trust.

If he chose to do nothing with his annual after- tax $70,000 distribution, but invest it annually at 6%, he would have to grow that amount to **$3,272,000** before taxes, to equal the $1,800,000 tax free from the insurance policy. It would take him **23 years** to **his age 98**, to reach that number!

Thanks, Grandpa Nixon!

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CASE 4

Mr. Carter is 50 years old and has an estate of $30,000,000, mostly in real estate. He has a strong concern about the estate tax which ultimately must be paid at his death. He establishes a Dynasty Trust with a joint gift of $8,000,000 of real estate, plus $2,000,000 cash to the trust. He purchases a Dynasty Life Survivorship Universal life insurance policy, on his life and his wife's life, guaranteed forever, with a single premium of $2,000,000. The death benefit is over **$20,000,000!** This amount is paid to the Trust tax free!

The Carter grandchildren and great grand children will surely know who their grandpa was and how much he cared!

For 50 years, the Howard Kaye Insurance Agency has helped create and preserve wealth, ensuring the legacies of affluent and discerning clients nationwide. Call 800.343.7424 to discuss your financial situation and to understand Dynasty Life Insurance.

Establish your dynasty.
Live the Dynasty Life. Start here.

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