Advanced **Markets**

Client profile

Wealth Transfer

Client profile and common concerns

- Wealthy parents with financially successful children
- Wants to leave assets to children in a tax-efficient manner
- Does not have a federally taxable estate, but may be concerned about state estate taxes
- Has a valuable asset that only some of the children want (e.g., vacation home)
- Wants to pass on a legacy in addition to assets

Questions to ask

- Have you used any of your lifetime gift and Generation Skipping Transfer (GST) tax exemptions?
- Do you think your children (and their spouses) can co-manage a property?
- What are your legacy planning goals?
- Are you currently making annual exclusion gifts and if so, to whom?
- Do you support any charities?
- How do you want to divide your estate among your children?

Potential solution

- Clients (husband, 65 and wife, 63) have 3 children in their 30s, and a net worth of $10 million comprised of IRAs ($3 million), a brokerage account ($4 million) and a vacation home ($3 million). They will owe state estate tax.
- Clients want to leave an equal inheritance to all of their children and include charitable bequests. They also want to leave assets to their children in a tax-efficient manner and have several low-basis investments. Only one child has interest in the vacation home.
- They can sell some high-basis assets to fund annual premiums of $47,000 on a $4,000,000 survivorship life insurance policy inside an irrevocable life insurance trust (ILIT). This policy will be outside of their estate for state estate tax purposes.
- The life insurance proceeds can be used to pay any state estate taxes and help equalize inheritances among their children (due to the different tax characteristics of the assets). Knowing their children will receive the death benefit income tax-free also lets them make charitable bequests, further reducing their state estate tax liability.

Why John Hancock?

- **Dedicated Advanced Markets team to help with plan design and illustration**
- **Full suite of survivorship products to address a variety of client needs**
- **Exceptional underwriting**

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