

Using annual exclusion for gifts to fund *MoneyGuard Market Advantage*®

Each year, the IRS sets an annual exclusion for gifts that individuals can use as tax adjustments when filing their returns. This allows individuals to give gifts up to the annual exclusion amount (\$18,000 for individuals or \$36,000 for married couples in 2024) to as many people as they choose without paying gift tax. An annual gifting plan can provide progressive and systematic wealth transfer and estate reduction for the giver. To qualify for the annual exclusion for gifts, the money given must be complete, voluntary, and of a present interest.



Meet Tom - Age 65, widowed, \$10 million net worth

His concerns:

- Liability for estate taxes
- Reducing the value of his estate
- Having sufficient retirement income
- Having a taxable estate following the sunset of the Tax Cuts and Jobs Act (as of January 1, 2026)
- Wanting to provide a hybrid LTC benefit for his married son, Ryan, age 35

Annual exclusion gifting reduces the giver's taxable estate by transferring wealth tax-free and providing the opportunity to help loved ones. *MoneyGuard Market Advantage* can be an ideal tool to help leverage these tax-free gifts.

Tom decides to gift \$10,000 annually to his son, Ryan, for 20 years. (This is based on Tom's life expectancy or when he could reasonably expect to have his own LTC costs.) Ryan, if he qualifies, can use these annual gifts to fund the premium for a *MoneyGuard Market Advantage* policy. Alternatively, Tom could pay the annual premium directly to Lincoln Financial and this would still qualify as an annual exclusion gift to Ryan.

Insurance products issued by:
The Lincoln National Life Insurance Company

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Tom could implement a similar strategy if he has any excess or unneeded required minimum distributions (RMDs) from his IRA or similar retirement plans. If he is required to receive distributions from qualified assets at the age of 72, he can choose to implement a gifting strategy using RMDs. Tom can invest in the next generation by purchasing LTC coverage for them with these distribution funds. This strategy allows the gift recipients to receive tax-free LTC benefits and may provide greater leverage for the transfer of assets compared to waiting for transfer after Tom's death.



Benefits for Ryan

Funding *MoneyGuard Market Advantage* with a \$10,000 annual premium for 20 years:¹

Max monthly LTC benefit year 1: **\$19,921**

Death benefit year 1: **\$478,115**

Max monthly LTC benefit at age 85: **\$59,746**

Death benefit at age 85: **\$1,239,238**

¹ Assumes *MoneyGuard Market Advantage*[®] on a 35-year-old male in the state of FL with couple's discount \$10,000 20 pay premium, market-driven inflation election, and 6% gross rate of return. Assumes individual applies for and is approved for the policy.

With 0% gross/-0.26% net rate of return (guaranteed charges) at age 85, Adam would have the following benefits available: Total LTC benefit of \$717,173; Max monthly LTC benefit of \$19,921; death benefit of \$361,364.





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Talk to your Lincoln representative to learn more about incorporating gifting strategies to help create long-term care protection.

Insurance products issued by:

The Lincoln National Life Insurance Company

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All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer. We will not deny benefits for pre-existing conditions. This does not preclude us from exercising other remedies available at law, in equity or in contract because of misrepresentations. A pre-existing condition means a condition for which medical advice or treatment was recommended by or received from a provider of healthcare services within 6 months preceding the effective date of coverage of an insured person.

MoneyGuard Market Advantage® is a variable universal life insurance policy with a Long-Term Care Benefits Rider (LTCBR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses and continues long-term care benefit payments after the entire specified amount of death benefit has been paid. Any surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, and claim payments made. The cost of riders will be deducted monthly from the policy accumulation value. The insurance policy and riders have limitations, exclusions and reductions. Renewability, Termination and Cancelability: The LTCBR is noncancelable. This means you have the right, subject to the terms of your policy and rider(s), to continue this rider as long as your policy stays in-force. The Lincoln National Life Insurance Company cannot change any of the terms of your policy and rider(s) on its own and cannot increase the monthly rider charges or monthly inflation charges. If your policy enters a grace period, we will allow 61 days to pay a premium sufficient to prevent your policy from lapsing. The Long-Term Care Benefit Rider may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your financial professional.

MoneyGuard Market Advantage® is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form ICC20-MGV892/20-MGV892 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form ICC20LTCBR-892/LTCBR-892, a Value Protection Rider on Form ICC20VPR-892/VPR-892 and a Benefit Transfer Rider on Form ICC22BTR-895/BTR-895. Distributed by Lincoln Financial Distributors, Inc., a broker-dealer.

The LTCBR is intended to be a qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code. Your Specified Amount is the amount used to determine the amount of death benefit and the amount of Long-Term Care Benefits Rider benefits. You will select the Initial Specified Amount of death benefit on the application.

It is possible coverage will expire when either no premiums are paid following the initial premium, or subsequent premiums are insufficient to continue coverage.

Note: Not intended to be legal or tax advice. Clients should consult their own legal and tax professionals.

The insurance policy and riders have limitations, exclusions and reductions; and are subject to medical underwriting. Long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your agent or producer. A version of Lincoln Concierge Care Coordination is guaranteed for Lincoln *MoneyGuard®* Solutions policyowners. However, the tools, resources and services may change or evolve over time.

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