



The industry is constantly evolving, and we continue to see change in many areas that affect the work you do with your clients. The good news? With all of this change comes opportunity. Terri Getman, DBS Business Development Director, has laid out three big opportunities to take advantage of NOW. She's also identified which of your clients to approach to take advantage of the opportunity. Reach out to Terri at 800.869.1327, extension 230 with your advanced case questions today!

1

### Life Insurance as a Retirement Supplement

#### Why Now?

- Prospect of higher income taxes for incomes over \$400k
- Potential loss of deduction for qualified plans. Replaced by 26% flat credit
- Recent 7702 legislation, making accumulation focused policies more efficient

#### Client Profile:

- Executives, professionals, highly compensated business proprietors
- Usually, ages 40-55
- Maxed out qualified plan contributions
- Healthy clients with a need for life insurance or interest in long-term care/chronic care benefits

2

### Life Insurance to Cover IRD Tax

#### Why Now?

- SECURE (December 2019) & Proposed SECURE 2.0
  - Delayed start date for Required Minimum Distributions
  - Eliminated stretch distribution for most beneficiaries replaced with 10-Year distribution
  - Increased income (IRD) taxes for beneficiaries

#### Client Profile:

- Clients with "significant" qualified plan balances
- Usually, ages 60-75
- Those desiring to control distribution from the grave
- Possible desire to provide flexibility to heirs
- Healthy clients – especially if they are also subject to state or federal "death" tax

3

### Gift of Life Insurance to pay Death Taxes

#### Why Now?

- High exemption of \$11.7M (\$23.4M/couple) will sunset in the near future reducing to \$5M (2026 or sooner)
- Low interest rate environment makes many estate techniques attractive
- Possible elimination of many popular estate strategies & possible elimination of basis step-up
- Large gifts today grandfathered – no clawback of gift amount exceeding exemption at date of death

#### Client Profile:

- Single clients with net worth greater than \$5M or married with net worth over \$10M
- Usually, ages 60-75
- Clients living in one of the 17 states or DC who are subject to state level death tax with net worth larger than state exemption
- Younger clients with appreciating assets

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