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Trust Owned (ILIT) Life Insurance - Life Settlements

The Uniform Prudent Investor Act (UPIA) has placed responsibility on the Trustees of ILITs to manage the life asset as a prudent investor would. The ILIT review process should include an analysis of fair market value.

Is the ILIT running on fumes? Looking to create liquidity and reduce liability?

Case Example | Trust Owned Policy-Split Death Benefit Life Settlement

During the annual policy review conversation with the Trust Officer, it was discovered that the Grantor didn't need as much insurance as a result of the increase in the Estate Tax Exemption & Portability. The client wanted to keep some of the coverage but didn't need all of it. They completed a SMVSM to determine fair market value.

- Male age 78, \$10 Million Universal Life – cash surrender value=\$67K

The SMVSM estimated fair market value at \$697K for a lump sum payment. The client decided to take a split death benefit offer and received **\$2.15 million death benefit for his beneficiaries with no future premium payments**

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