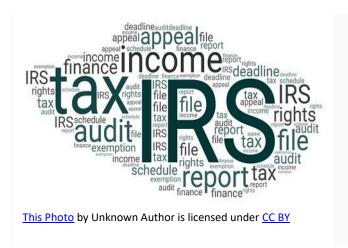
THE PREFERRED PROVIDER TO THE MOST TRUSTED ADVISOR

Volume 5, Issue 6
June 2024

National Network of Accountants, 6900 Jericho Turnpike, Syosset, NY 11791 www.nnaplan.com E-mail address: rroth@nnaplan.com Offices located in Connecticut, Florida, New York, and Israel

SECURING A LEGACY



By William York, VP of Marketing

For many people, paying estate tax at death is something they don't consider until later in life.

This decision is put off for many reasons, "I'm going to live a long healthy life and I'll handle it later". Or perhaps, "I don't want to tie up my assets now," or "the estate tax laws will be eliminated in the future."

Clearly, people don't want to deal with this issue while they are building their wealth. They prefer to push it off until as late as possible. As a result, million and millions of dollars are forfeited in estate tax each year.

Lately, there has been a lot of talk about the economy. The number of millionaires are rising and the estate tax exclusion is scheduled to decrease in December of 2025. This will increase the amount of estate taxes due and payable in the future after 2025.

Example: New York City is the home to 340,000 millionaires. This amounts to about one out of every 24 people. New York City is also home to 724 centimillionaires, and 58 billionaires. The number of millionaires has soared 48 percent in 10 years. It's not only NYC. The number of wealthy Americans is increasing at an astonishing rate from coast to coast.

YOU DECIDE ... IS THERE A PROBLEM? I THINK THE ANSWER IS CLEAR. MOREOVER, I BELIEVE THERE IS A COURSE OF ACTION THAT CAN SOLVE THIS PROBLEM, ONE THAT MANY INDIVIDUALS HAVE NOT EVEN CONSIDERED.

Question: What can a growing business owner, an individual in his/her 40s, do now to solve this ultimate problem? ... call his attorney, call his accountant, call his financial consultant, call his banker?

I am a graduate engineer, with two engineering degrees and was formally the Assistant Spacecraft Test Manager at Kennedy Space Center. Since leaving Kennedy Space Center, I have been involved in advising business owners on financial matters because of my analytical approach and ability to analyze problems. This issue is complex, but so was landing a man on the moon.

However, it was done! It was done successfully!

Let's talk about financial leverage as a start. Archimedes succinctly illustrated the law of the lever with the sentence attributed to him: "Give me a lever long enough and a fulcrum on which to place it, and I shall move the world." Examining this thought and understanding multiple financial instruments it is easy to make a case for financing a product which multiplies at death and creates substantial tax benefits.

I am referring to LIFE INSURANCE.

For hundreds of years Congress has allowed the assets inside a life insurance policy to grow tax free, and the death benefits to be paid income tax free.

Also, understand that the premiums paid are based on a life expectancy of age 120 and are predictable. A good mathematician could make a solid case for borrowing the premium from a financial institution (bank, etc.) for a specific time, accrue the interest of the loan and have the loan paid off at death with the balance of the life insurance policy being used to pay any possible estate tax.

FACT ONE: A financial institution will make a loan to a financially secure individual if proper assets are available. This is done in business regularly. Is a life insurance policy a proper asset? Many of the largest financial institutions will lend against a life insurance policy.

FACT TWO: Life insurance is a vehicle which increases in value at death. It multiplies in value at death.

FACT THREE: A trust will keep the insurance proceeds out of the taxable estate.

Based on these facts, let's consider a solution which we have used to eliminate estate tax and it has also withstood IRS scrutiny.

Life insurance is a complex and versatile product. We can determine a premium accurately for a client, we can also work toward and predict accurately the cost of the life insurance policy to the actuarial endowment point. We can utilize the guaranteed return in the policy for safety. We can review policy performance for the last 100 years and stress test our results against the worst period in history...the depression and finally we know life insurance companies are regulated by state insurance departments. These fact will allow us to arrange for a financial institution to finance the premium.

Life insurance is a complex and versatile product. We can:

- Accurately determine the client's premium
- Accurately predict the cost of the life insurance policy to the actuarial endowment point.

- Utilize the guaranteed return in the policy for safety.
- Review policy performance for the last 100 years and stress test our results against the worst period in history ... the depression!

And finally, we know life insurance companies are regulated by State Insurance Departments. These facts will allow us to arrange for a financial institution to finance the premiums.

THERE IS CERTAINTY

Lastly, in order to insure the life insurance death benefit avoids any tax inclusion, it will be established and owned by an insurance trust. This not only assists the client in the tax area, but will assist the lending institution as the trust is a bankruptcy remote entity providing even greater safety to the lending financial institution. Combining these factors, we can guarantee that Estate Taxes will be paid and all premiums will be financed, thus, not paid out of the assets and earnings of the client.

I believe that we can solve this problem but also believe we can create "peace of mind" similar to the work we did when we put footprints on the moon!

If you are interested in generating a legacy! If you are wealthy enough to face this problem in the future and don't want Uncle Sam taking millions of dollars from what you have created!

Then it's time to contact our offices and speak with other individuals who are currently utilizing this concept.

For further discussion call Joe Tucciarone @ 516-398-1337 or reach out by email at Jtucciarone@nnaplan.com.



For more information contact:

Joe Tucciarone Phone: 516-629-9063

E-mail: jtucciarone@nnaplan.com

National Network of Accountants

6900 Jericho Turnpike Syosset, NY 11791 www.nnaplan.com