

# JOHN DOE

## Irrevocable Life Insurance Trust

### 2022

DURING JOHN'S LIFETIME:

#### JOHN DOE IRREVOCABLE LIFE INSURANCE TRUST

*Lifetime gift(s) of cash to the trust for premiums on life insurance policies (funding techniques will be discussed)*

- Designed to hold insurance on John's life.
- John's sister, Jane, is the sole trustee. If Jane is unable to serve, John's brother, Jeffrey, then ABC Bank, in that order, will serve as successor trustees. If they all fail or cease to serve, then a corporate trustee will be appointed.
- Trustees may distribute income or principal in the trustees' discretion for the health, education, support and maintenance of John's descendants.
- Upon John's death, the remaining trust assets will be held under the Trusts for Descendants for John's children (discussed below).
- The assets of this trust will not be subject to estate tax at John's death if funded and administered properly during John's lifetime and John survives the transfer of any existing life insurance policies to the trust by at least three (3) years.

AFTER JOHN'S DEATH:

Portion covered by GST exemption allocated at the time of the lifetime gift is added to **GST Exempt share** and balance, if any, is added to **GST Nonexempt share**

#### TRUSTS FOR DESCENDANTS (GST Nonexempt)

-GST nonexempt portion, if any, will be subject to estate tax and a general power to appoint any nonexempt share to the creditors of the beneficiary's estate at each beneficiary's death; otherwise identical terms as the GST exempt portion.

#### TRUSTS FOR DESCENDANTS (GST Exempt)

- GST exempt portion will not be subject to estate tax at each beneficiary's death.
- Divided into equal shares for John's children, with a deceased child's share further divided among his or her descendants.
- Jane is the sole trustee. If Jane is unable to serve, Jeffrey, then ABC Bank, in that order, will serve as successor trustees, If they all fail or cease to serve, then a corporate trustee will be appointed.
- When a descendant attains age 35, he or she may serve as co-trustee of his or her own trusts, together with the trustee then serving. When such a descendant attains age 40, he or she may serve as sole trustee of his or her trusts and remove and appoint an independent trustee or co-trustee, if desirable.
- Income or principal from each beneficiary's share may be distributed to or for such beneficiary during their lifetime in the trustees' discretion for the beneficiary's health, education, support and maintenance.
- Upon a beneficiary's death, subject to their limited power to appoint assets among John's descendants, their respective trusts will be divided into equal shares for their descendants, per stirpes, or if none, for John's other descendants, and held in further trust for multiple generations under the terms of this trust. If none of John's descendants are living, the remaining trust estate will be distributed to John's intestate heirs.