

“The Great Wealth Transfer”

Zurich American Life Insurance Company



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\$30 Trillion

Expected wealth transfer from Baby Boomers over coming years



\$1.2 Million

Average net worth for American Baby Boomers today



81%

% of Baby Boomers plan to leave an inheritance for their kids

Sources

- <https://www.forbes.com/sites/markhall/2019/11/11/the-greatest-wealth-transfer-in-history-whats-happening-and-what-are-the-implications/#77142e534090>
- <https://www.cnbc.com/2019/08/08/baby-boomers-wealth-is-12-times-greater-compared-to-millennials.html>

“The Great Wealth Transfer” for the average Baby Boomer



Three Generations



**G1 -
Grandparents**

G2 - Parents



**G3 -
Grandchildren**



Gift premiums for survivorship policy:
a. leave inheritance to children and/or
b. help grandchildren

Own and are insureds on
survivorship life policy

Policy can provide
a. education fund
b. down payments

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**G1 -
Grandparents**

**G2 – Parents
M 60/ F 58**



**G3 -
Grandchildren**

\$10,597 Annual 10 pay premium
(Gifted)



Survivorship Policy
Guaranteed DB to his age 85
Year 9: Projected CSV = Prems Paid



\$500,000 Death Benefit
6.21% DB IRR in Year 30

Hypothetical case study. Premiums are subject to change. Issuance of a policy and premiums are subject to underwriting guidelines and approval. Premiums quoted are for M 60/ F 58 Preferred Non-tobacco, endow at age 121, hypothetical interest rate of 5.29% and current COIs and expenses in all years, \$500,000 face amount. The death benefit is guaranteed according to the terms of the policy and provided that planned premiums are timely paid and with an additional charge for the NLG Rider.

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No SIUL Used

G2 invests
@4% Net

Male Age	Year	No Premiums Paid EOY Acct Value
61	1	520,000
70	10	740,122
75	15	900,472
80	20	1,095,562
85	25	1,332,918
90	30	1,621,699
95	35	1,973,044

Premiums are subject to change. Issuance of a policy and premiums are subject to underwriting guidelines and approval. Premiums quoted are for M 60/ F 58 Preferred Non-tobacco, Endow at age 121, hypothetical interest rate of 5.29%. The death benefit is guaranteed according to the terms of the policy and provided that planned premiums are timely paid and with an additional charge for the NLG Rider. Neither Zurich American Life Insurance Company, its employees nor its agents provide legal or tax advice. Each agent, policy owner or prospect should always consult his/her own attorney, accountant or tax adviser as to the legal, financial or tax consequences and advice on any particular transaction.

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<u>No SIUL Used</u>			<u>SIUL Added to Family Legacy Planning</u>					
Male		G2 invests @4% Net	Projected	Net Account	Death	SIUL DB Plus	Additional	Increased
Age	Year	No Premiums Paid EOY Acct Value	10 Pay Annual Premium	Value @ 4% after premium	Benefit	after-Tax Fund for Benefit of G3	Benefit	Percentage
61	1	520,000	10,597	509,403	500,000	1,009,403	489,403	94%
70	10	740,122	10,597	612,893	500,000	1,112,893	372,771	50%
75	15	900,472	-	745,679	500,000	1,245,679	345,207	38%
80	20	1,095,562	-	907,232	500,000	1,407,232	311,670	28%
85	25	1,332,918	-	1,103,786	500,000	1,603,786	270,868	20%
90	30	1,621,699	-	1,342,925	500,000	1,842,925	221,226	14%
95	35	1,973,044	-	1,633,874	500,000	2,133,874	160,829	8%

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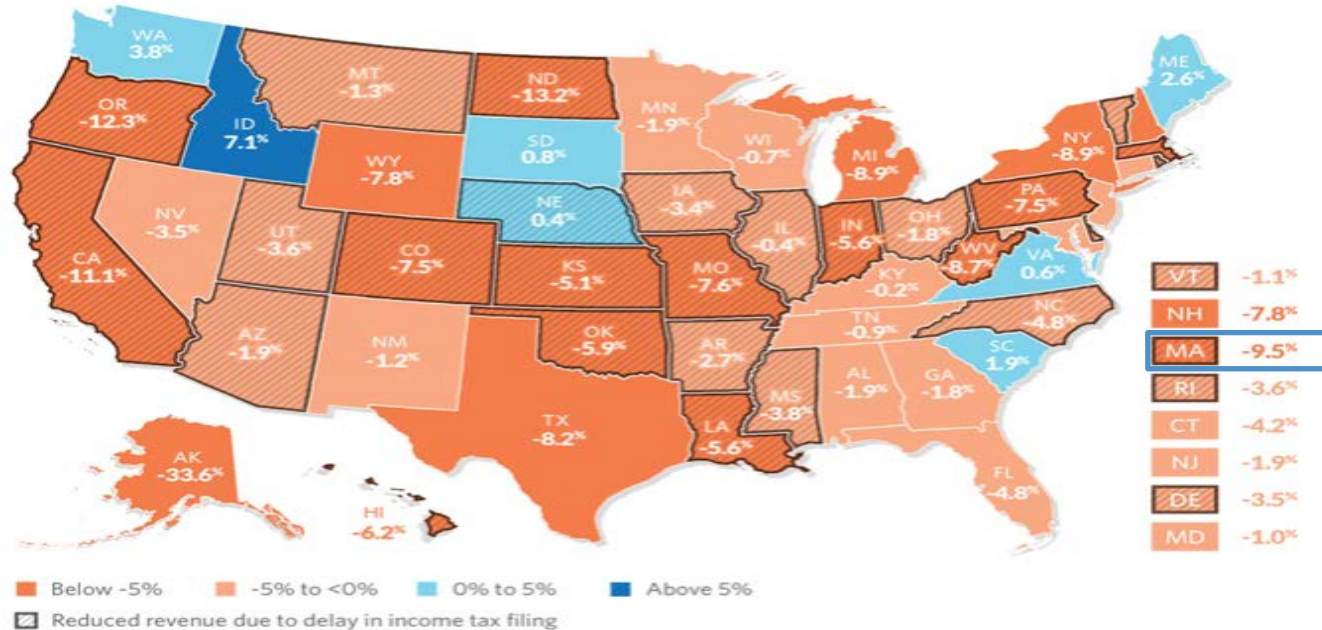
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“The Great Wealth Transfer” for the Wealthy



Annual Tax Revenue Declined in Nearly All States Amid Pandemic

Collections in four quarters ending Q2 2020 compared with prior year, inflation adjusted



Source: <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/02/17/pandemic-drives-historic-state-tax-revenue-drop>

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State	2021 State Death Tax Exemption	2021 State Death Tax Max Rate
Connecticut	\$7,100,000	12.00%
District of Columbia	\$4,000,000	16.00%
Hawaii	\$5,490,000	20.00%
Illinois	\$4,000,000	16.00%
Maine	\$5,870,000	12.00%
Maryland	\$5,000,000	16.00%
Massachusetts	\$1,000,000	16.00%
Minnesota	\$3,000,000	16.00%
New York	\$5,930,000	16.00%
Oregon	\$1,000,000	16.00%
Rhode Island	\$1,595,156	16.00%
Vermont	\$5,000,000	16.00%
Washington	\$2,193,000	20.00%

Sources:

<https://www.actec.org/resources/state-death-tax-chart/>

<https://www.policygenius.com/estate-planning/what-is-estate-tax/>

<https://www.forbes.com/sites/ashleaebeling/2021/01/15/state-death-tax-changes-loom-where-not-to-die-in-2021/?sh=29b9d6fe44cd>

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State Death Tax Hikes Loom: Where Not To Die In 2021



Ashlea Ebeling Senior Contributor
Personal Finance



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17 states and the District of Columbia impose estate or inheritance taxes separate from the federal ... [+] GETTY

As states address budget woes due to the pandemic, one place they may turn to for revenue as they have in past economic crises is death taxes. Already the District of Columbia has toughened its estate tax levy, effective January 1, 2021. In August, Mayor Muriel Bowser signed the "Estate Tax Adjustment Act" reducing the exemption from \$5.67 million in 2020 to \$4 million for individuals who die on or after January 1, 2021. A resident dying in 2021 with a taxable estate of \$10 million would owe nearly \$1 million in estate tax to D.C.

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Important Disclosures



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The terms and conditions for the Flexible Premium Adjustable Survivorship Life Insurance Policy with Index-Linked Interest Options (ICC19-APSIUL-01) are set forth in the policy form numbers shown, or applicable state variations. The terms and conditions for the No Lapse Guarantee Rider for the Flexible Premium Adjustable Survivorship Life Insurance Policy with Index-Linked Interest Options are set forth in policy form number ICC19-SLPNLG-01, or applicable state variation. The policies are issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company, located at its registered home address of 1299 Zurich Way, Schaumburg, IL 60196.

The policies are subject to the laws of the state where they are issued. This material is a summary of the product features only. Please read the policy carefully for details. Certain coverages may not be available in all states and policy provisions may vary by state

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Thank you

