

Enhance Wealth Transfer and Maintain Principal Using the Return of Premium Death Benefit Rider

Do You Have Clients Like This?

- Jane Wilson, 68-year-old widow
- Owns a funded Credit Shelter Trust
- Desire to enhance inheritance to beneficiaries without eroding principal



"I want to preserve a legacy for my children and feel confident I won't run out of money."

Situation

Jane is a widow whose husband left his applicable exclusion amount of \$2,000,000 to a Credit Shelter Trust ("B Trust") at his death. Jane's goal is to maximize the amount passed on to her children upon her death and to preserve the principal in the trust.

Strategy — A Hypothetical Example

Jane can accomplish her goal by using AXA Equitable's guaranteed Athena ULSM-LPR policy with the Return of Premium Death Benefit Rider (ROPR), for an additional cost, with a 5% accumulation rate. Keep in mind that most of the trust income (i.e., taxable income over \$10,700 in 2008), if not distributed, will be taxed at the top federal tax rate of 35%.

Jane's existing Credit Shelter Trust has \$2,000,000 of assets growing at a net after-tax return of 5%. She can take this after-tax income of 5% and apply it toward premium payments without dipping into the principal of her trust. The amount that can be withdrawn each year and yet preserve principal using Jane's assumed net return is \$95,238. Her initial Face Amount purchased is \$1,999,021. With the addition of the ROPR, plus a 5% accumulation,¹ the Face Amount² will grow each year to make up for any lost use of funds.

Take a Closer Look

Current Plan				Proposed Plan					
EOY Age	CST Value BOY	After-Tax Growth of Trust at 5%	EOY CST Net to Beneficiaries	CST Value BOY	Premium Paid by CST	CST Value EOY	Net Death Benefit	Net to Beneficiaries	Difference with Life Insurance
69	\$2,000,000	\$2,100,000	\$2,100,000	\$2,000,000	\$95,238	\$2,000,000	\$2,099,021	\$4,099,021	\$1,999,021
75	\$2,680,191	\$2,814,201	\$2,814,201	\$2,000,000	\$95,238	\$2,000,000	\$2,813,222	\$4,813,222	\$1,999,021
80	\$3,420,679	\$3,591,713	\$3,591,713	\$2,000,000	\$95,238	\$2,000,000	\$3,590,734	\$5,590,734	\$1,999,021
85	\$4,365,749	\$4,584,037	\$4,584,037	\$2,000,000	\$95,238	\$2,000,000	\$4,583,058	\$6,583,058	\$1,999,021
90	\$5,571,925	\$5,850,521	\$5,850,521	\$2,000,000	\$95,238	\$2,000,000	\$5,849,543	\$7,849,542	\$1,999,021

1 Clients can add an accumulation rate up to 6% with the Athena ULSM-DB and Athena ULSM-LPR.

2 Maximum ROPR Face Amount is four times initial Face Amount.



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Benefit

- The leverage of life insurance has resulted in the beneficiaries acquiring more wealth than if they left the assets to grow in the trust.
- The addition of the Return of Premium Rider has provided a way to replace the premium paid by the trust while maintaining the trust principal.

For More Information, Please Call:

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This is a supplemental illustration and must be read in conjunction with the basic illustration. The basic illustration contains values using the same underwriting assumptions as this supplemental illustration at both guaranteed charges and guaranteed interest rates and contains other important information. The values represented here are for an Athena ULSM-LPR with ROPR and 5% accumulation rate on a 68-year-old female Preferred Non-Tobacco User at a 4.25% crediting rate and guaranteed charges. The values reflect the payment of \$95,238 of annual premiums payable until age 100. This Lapse Protection Rider premium guarantees that the policy will not lapse during the lifetime of the insured if premium levels are maintained and any loan plus accrued loan interest do not exceed the policy account value.

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1290 Avenue of the Americas, New York, NY 10104, (212) 554-1234



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