Estate planning

Enhance your legacy with a Dynasty Trust

Estate taxes have become less of a concern since the passage of the Tax Cuts and Jobs Act of 2017 (TCJA). The act increased the unified, lifetime federal gift and estate exemption amount to $13.99 million (single) and $27.98 million (if married) for 2025. One gifting strategy that benefits from the TCJA is an Irrevocable Dynasty Trust.

Structure of a Dynasty Trust

To begin, the grantor sets up an irrevocable dynasty trust, naming their children and grandchildren as beneficiaries. The trust can own (and manage) any type of property, including a family business, life insurance and other investment vehicles. When the individual trust grantor gifts property or cash, he or she gives up control over the property. The trust property is held outside the taxable estate. For larger gifts, the grantor may use all or a portion of their lifetime exemption. Because this type of trust is designed to hold assets for multi-generations, it is commonly called a **Dynasty Trust**.

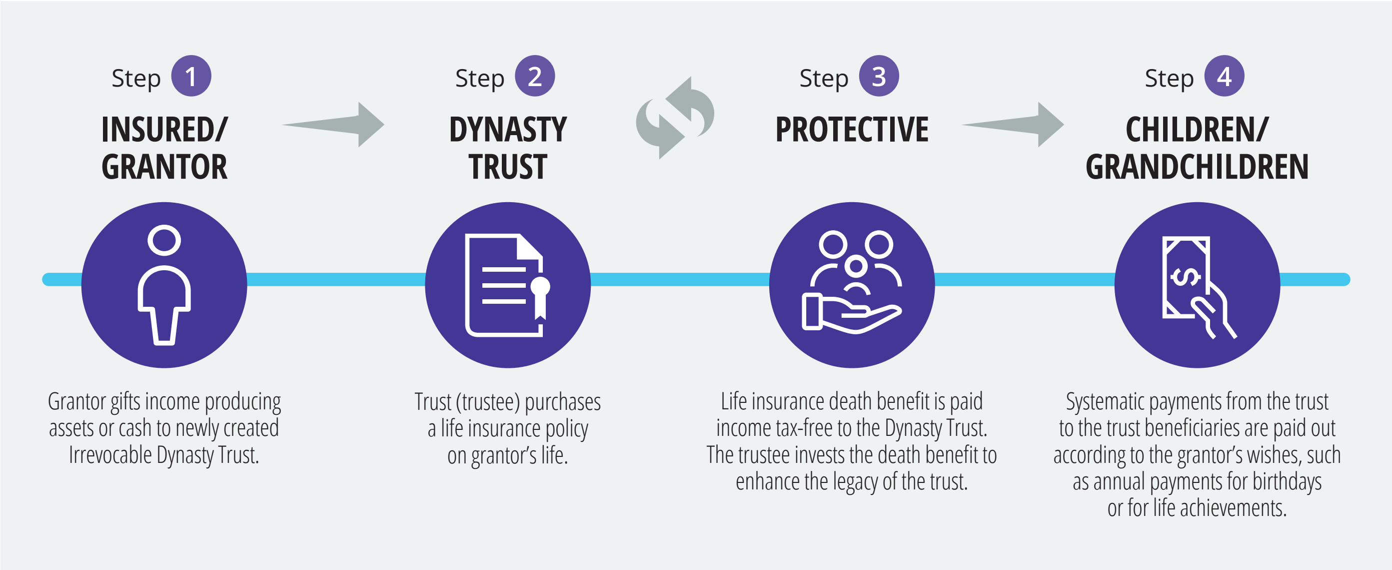
To a large extent, the grantor is able to dictate how the trust assets are managed and used, now and in the future. Life insurance is often purchased by the trustee of the Dynasty Trust, on the life of the grantor to enhance the legacy of the trust. The premium dollars for the insurance can be paid from interest income, from trust assets or by having the grantor gift the premium dollars. These gifts are typically free of gift taxes for amounts eligible for the annual gift exclusion per beneficiary — $19,000 ($38,000 for married couples). The life insurance death benefit proceeds are received income tax-free by the trust.

Protective refers to Protective Life Insurance Company.

Create a lasting legacy

The Dynasty Trust will make systematic payments based upon the grantor's specific wishes, long after they pass away. The grantor can specify the amount and timing of trust payments. Payments may be made annually to observe birthdays or holidays, or for important events such as college graduations and marriages. Payments may be withheld if a beneficiary fails to meet defined goals set by the grantor. We call these "grand legacy gifts" — grandparents expressing their love long after their lifetime.

How it works



For more information, contact your financial representative.

These materials contain statements regarding the tax treatment of certain financial assets and transactions. These statements represent only our current understanding of the law in general and are not to be considered legal or tax advice by purchasers. Estate planning rules and the tax treatment of life insurance are subject to change at any time. Neither Protective Life nor its representatives offer legal or tax advice.

Purchasers should consult with their legal or tax adviser regarding their individual situations before making any tax related decisions.
Life insurance is issued by Protective Life Insurance Company, Omaha, NE.

PLC.4088 (04.25)

Not FDIC/NCUA Insured	Not Bank or Credit Union Guaranteed	Not a Deposit
Not Insured By Any Federal Government Agency		May Lose Value