Protective

Meet your next customer

Help them use life insurance to equalize their inheritance

Marcus & Lauren | 52 & 50 years old

Marcus and Lauren are co-owners in a local bakery. they are married and have three children. Two of their grown children, Sarah and Jerry, are bakery employees, while their third child, Linda, works out of state. After they die, Marcus and Lauren wish to hand the business over to Sarah and Jerry to run. But how do they accomplish this while ensuring that Linda receives an equitable inheritance?

How do Marcus and Lauren accomplish dividing their business equally among their three children after they're gone.

Keeping it in the family

One option could be for the children to sell the bakery, liquidating assets so everyone gets an equal share, but that would leave Sarah and Jerry without jobs and go against their parents' wishes to keep the business in the family.

An equal share approach with universal life insurance

A better option could be to leverage a flexible life insurance arrangement using ProClassic II℠ universal life insurance from Protective. Working with other members of their professional estate planning team, Marcus and Lauren establish the projected value of the bakery and other assets, then, calculate the minimum they want each child to receive. Funding the difference with life insurance ensures that Sarah, Jerry, and Linda receive—at a minimum—an amount that is equal to their share of the estate according to their parent's wishes.

By purchasing a ProClassic II UL policy Marcus and Linda:

- Create a pool of assets that upon their death, helps ensure an equal share to all three heirs.
- Can pass the death benefit onto their children through a life insurance death benefit without the added burden of income or estate taxes, provided an estate is not the beneficiary.
- Have the flexibility to adjust their level of coverage and premium payments to meet their estate planning goals.
- Are guaranteed coverage through a combination of lapse protection features.[1,2]

Conversation Starters

These questions can lead to a conversation about using life insurance to equalize an inheritance, and the important reasons small business owners should consider it.

What is your plan for dividing your business assets to ensure an equitable inheritance for all your heirs?

What is the fate of your business if one child wants to keep the business in the family and others prefer to sell?

If you have questions or need advice on a customer's unique situation, we're here to help. Contact your wholesaler or call 800-500-2995 to get started.

[1] Loans, withdrawals, face amount changes and the amount and timing of premium payments may cause coverage to terminate prior to the end of the lapse protection period. Payment of premiums only sufficient to satisfy the minimum requirements for either death benefit guarantee will reduce growth in policy cash values and may be taxable. In addition, if the policy is classified as a MEC, withdrawals and loans are generally taxable and, prior to age 59 ½, subject to a 10% federal tax penalty. Clients should consult a tax advisor.

[2] To maintain these guarantees, the contract must be funded at the minimum required levels. The owner can choose to fund at a higher level as well. If the death benefit guarantees terminate, the policy will stay in force provided that the surrender value is sufficient to pay the monthly deduction.

Protective refers to Protective Life Insurance Company (PLICO) and its affiliates, including Protective Life and Annuity Insurance Company (PLAIC).

ProClassic II UL (UL-25) is a universal life insurance policy issued by PLICO in all states except New York where it is issued under (UL-15-NY 5-10) by PLAIC, Birmingham, AL. Policy form numbers, product features and availability may vary by state. Consult Policies for benefits, riders, limitations and exclusions. Subject to underwriting. Up to a two-year contestable and suicide period. Benefits adjusted for misstatements of age or sex. All payments and all guarantees are subject to the claims-paying ability of the issuing company.

The tax treatment of life insurance is subject to change. Neither Protective nor its representatives offer legal or tax advice. Please consult with your legal or tax advisor regarding your individual situation before making any tax-related decisions.

INVESTMENT AND INSURANCE PRODUCTS ARE: • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, JPMORGAN CHASE BANK, N.A. OR ANY OF ITS AFFILIATES • SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

CLA.1015809 (03.22)