

Using Increases in Lifetime Exemption to Fund Additional Life Insurance

Many ultra-high net worth clients used all of their available gift/estate and GST exemptions in 2020 or 2021. For an individual, the exemption increased by \$120,000 in 2021, \$360,000 in 2022 and is scheduled to increase by \$860,000 in 2023:

Table I
Increase in Available Gift/Estate & GST Exemptions

If Client(s) Used Entire Exemption in	Individual	Married Couple
2021	\$1,220,000 (2022 \$360K + 2023 \$860K)	\$2,440,000
2020	\$1,340,000 (2021 \$120K + 2022 \$360K + 2023 \$860K)	\$2,680,000

Example

Assume a married couple funded a dynasty trust with their full available \$23.14M gift/estate exemption (\$11.57M each) in 2021. Also assume that exemptions have increased as follows, topping out at \$14M in 2025, the year of sunset:

Table II
Increase in Annual Gift/Estate & GST Exemptions

Year	Single		Premiums for Table III
	Exemption	Annual Increase	Married
2021	11,700,000	0	
2022	12,060,000	360,000	720,000
2023	12,920,000	860,000	1,720,000
2024	13,460,000	540,000	1,080,000
2025	14,000,000	540,000	1,080,000

Table III illustrates the guaranteed survivorship death benefit that could be funded in a dynasty trust for these clients based on the ages below, preferred non-tobacco underwriting and assuming the premium gifts above:

Table III
Guaranteed Death Benefit Purchased with Increased Exemptions

Age	Guaranteed Death Benefit
M55, F55	\$17.8M
M60, F60	\$13.8M
M65, F65	\$10.9M
M70, F70	\$8.0M
M75, F75	\$6.3M