

Putting what's  
important to  
you first



**MassMutual**  
Trust Company, FSB



The MassMutual Trust Company strives to meet your unique and personal wealth management needs. Choosing the MassMutual Trust Company for your personal trust and fiduciary services is a decision that will be reinforced continuously over time as you rely upon the expertise of a dedicated Trust Officer and Investment Officer, a carefully selected portfolio of Investment Advisors, and a centralized platform of highly personalized trust, custody and administrative services.

The MassMutual Trust Company is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company (MassMutual), which since 1851 has maintained a focus on managing business with the long-term interests of customers in mind. MassMutual's financial strength ratings continue to be among the highest in the industry.

## Putting what's important to you first

Assets owned at death are generally subject to federal and state taxes.

A significant percentage of your estate may go towards tax liabilities. And, your legacy becomes open to public scrutiny through the probate process... unless you plan ahead.

There are steps you can take to help make sure the people, possessions and passions that are important to you are taken care of in the manner you wish, and that your affairs remain confidential.

## Planning ahead

When thinking about the future, it's important to consider how your family will be cared for, who will inherit your property, and how assets will be distributed. Think about:

- What happens to your property after you pass away
- How your loved ones will maintain their standard of living
- How your estate will pay final expenses and taxes
- Whether your taxable estate can be reduced with lifetime gifting strategies
- How the transfer of your assets may be impacted by federal gift and estate tax guidelines

A well-designed plan can provide you with a way to accumulate, conserve and protect your assets during your lifetime. At the heart of many estate and tax plans is a versatile tool called a Trust. A Trust Agreement is a legal document that creates a Trust and enables it to hold property for the benefit of a third party.

**Exercise Control.** Your child may not be mature enough to handle a large inheritance at age 18, or even 25. With a Trust, you could choose to have distributions made in small amounts over time.

## Goals achieved with trusts

Trusts can help you address your most important concerns. You may be able to provide income for the people and places that matter most, while minimizing estate taxes and providing funds for estate settlement costs. In addition, you may be able to shelter assets from creditors, and continue to maintain influence over the distribution of your assets after death. By avoiding probate, you can keep your financial matters private.

Trusts are legal entities involving three parties: **grantor**, **trustee** and **beneficiary**. As the grantor, you craft the trust document with the help of experienced trust specialists, and you provide the assets. You also determine the beneficiaries or the individuals or groups (such as church, charities or colleges) who will be the recipients of the benefits.

You then choose a trustee to manage the assets in the interests of the beneficiaries you name. The trustee is responsible for following your wishes as expressed in the Trust Agreement. You can name a relative or friend as trustee. Many people select a professional trustee to act as either sole or co-Trustee with a family member.

### **Professional Trustees such as MassMutual Trust offer:**

- Investment planning, diversification and oversight
- Tax reporting and preparation
- Prudent management and distribution of assets
- Fiduciary account management and client reporting
- Access to investment services for individuals, families and businesses
- Bill payment

# Irrevocable Life Insurance Trusts

A common planning technique used to minimize estate taxes involves an Irrevocable Life Insurance Trust (ILIT). A properly structured and administered ILIT may keep the death benefit of your life insurance policy out of your estate; the proceeds will benefit the people and places you care about most.

Under this technique, you would work with trust specialists and your attorney to create an ILIT and make non-taxable Annual Exclusion gifts to the trustee to pay for the life insurance premiums.<sup>1</sup> At death, the full benefit of your life insurance policy goes into the trust for the beneficiaries of your choosing.

## Create a legacy

### Use an Irrevocable Life Insurance Trust to put what's important to you first.

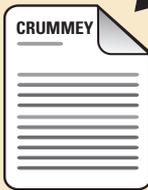


\$\$ Annual non-taxable gifts to Irrevocable Trust



\$\$ Gift contribution used to pay Life Insurance premium once right to withdraw period expires.

Letter sent to children re: gift contributed to Trust. Children have a set time period (generally 30 days) to withdraw a portion of the gift.



\$\$ Distribution after death



<sup>1</sup> To qualify these gifts as non-taxable annual exclusion gifts, the Trustee has to follow certain procedures. This approach is known as the "Crummey Notice Strategy." Otherwise, the gift will be taxable and reduce the Lifetime Gift Tax exclusion or be subject to a transfer tax if the exclusion is no longer available.

## Start the conversation

Having a better understanding of how a trust can provide tax advantages and help you manage and control the accumulation and distribution of your assets over time puts you in a good position to start planning for the future. Now might be the right time to think about what's important to you, and the legacy you want to leave to your family and the people and places you hold most dear. Call your MassMutual financial advisor today and start the conversation.

### **Meeting the unique and personal wealth management needs of our clients... generation to generation.**

To learn more about our trust services, please contact your financial advisor or MassMutual Trust at 1-888-894-5354.

The MassMutual Trust Company, FSB is a federal savings bank chartered by the Office of Thrift Supervision to provide discretionary and nondiscretionary trust and fiduciary services in all states. The Trust Company does not engage in banking activity (take deposits, make loans, give mortgages, etc.) and does not sell products. Our business activity is limited to providing trust and fiduciary services. The MassMutual Trust Company is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company.

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