



You've worked hard to build your estate, so it's natural to want to provide a significant financial legacy for your family.

To create an estate plan that maximizes the legacy you leave, it's important to know that the Internal Revenue Service generally imposes a generation skipping transfer tax—known as the (GSTT). The GSTT can have a significant effect on the amount you are able to leave for future generations.

Establishing a Dynasty Trust will not only help to address the GSTT, it can also be an integral part of an estate plan that allows you to build a "wall" around your wealth by minimizing transfer taxes and providing significant asset protection for countless generations of beneficiaries.

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**A Smart Way to Help
Preserve Your Wealth for
Future Generations**

Dynasty Trust:

A smart way to help preserve your wealth for future generations.



Did You Know?

You may be subject to a Generation Skipping Transfer Tax (GSTT) imposed on large gifts made to grandchildren or unrelated persons who are at least 37½ years younger than the person making the gift. This is a flat tax, equal to the highest estate tax rate at the time of the gift—35 percent in 2011. This tax is *in addition* to the estate, income and gift tax—all of which can quickly erode the legacy you intended to leave for your children, grandchildren, and future generations.

Fortunately, a lifetime GSTT exemption is available to each taxpayer which allows GSTT-free transfers of \$5 million in 2011.

But GSTT is not the only threat to wealth preservation.

Assets can be lost from generation to generation due to claims from creditors and/or a divorcing spouse. Sometimes, the loved ones you want to help most can themselves pose a significant threat to wealth preservation. They may lack asset management skills or indulge in an excessively materialistic lifestyle, losing in a few months what it took you a lifetime to accumulate.

A Dynasty Trust Funded with Life Insurance Can Be a Smart Solution

By establishing a Dynasty Trust you can, in effect, build a wall around your wealth—minimizing transfer taxes, providing asset protection and providing incentives to beneficiaries to help ensure that your legacy is being used in the way you intended. A central feature of the trust is its *term*.

In theory, this trust is intended to last forever, allowing assets to pass from generation to generation without the burden of transfer taxes (including: estate, gift, and the GSTT).

Furthermore, the death benefit of a trust-owned life insurance policy will generally pass federal income tax-free to your loved ones.¹

The Dynasty Trust offers several potential benefits to help you create a lasting legacy for many generations to come.

■ Leveraging the GSTT Exemption

The GSTT exemption can be leveraged by purchasing life insurance in a Dynasty Trust because the exemption will be based on premiums, as opposed to the death benefit or policy cash value.

Whereas, if you made an outright gift to grandchildren in the amount of the death benefit, you would use a significant portion of, if not exhaust, your GSTT exemption.

■ Protect Loved Ones from Creditors

One of the most compelling reasons for implementing the Dynasty Trust is that it offers significant protection for your loved ones against potential creditors.

The trust includes provisions that forbid your loved ones from selling their interest in the trust. This limits the right of your loved ones' potential creditors to reach trust assets to pay any outstanding debts.

This protection is reinforced by terms of the trusts that grant the trustee ultimate control over trust distributions and limit your loved ones' access to trust assets.

■ Incentives that Match Your Values

Additionally, the terms of the trust can offer loved ones incentives that correspond with your values. For example, there may be financial incentives for loved ones upon graduation from college. Or, you may want to include an incentive to develop or continue a family business or encourage involvement in a charitable organization.

Take the Next Step

To get started, it's important to work with your insurance professional or financial advisor and have an experienced estate-planning attorney draft the trust documents.

Our Business was Built on Helping Families

For over 100 years, Transamerica has been providing insurance products designed to help families just like yours.

While the world has certainly changed, our objective has always remained the same—to help families and individuals enjoy a more secure financial future.

For more information on how Transamerica life insurance, used within a Dynasty Trust, may help you secure your family's future, please contact your financial or insurance professional.

¹ Life insurance death benefits are generally excludable from the beneficiary's gross income for income tax purposes.