Estate Planning from Generation to Generation

MultiGen

What is MultiGen?

Based on your current net worth, your heirs will be paying about 40-50% of your assets to the government when you pass away. Covering estate taxes typically results in a fire sale of assets, reducing your control and dismantling your estate. Even worse, this same problem exists for succeeding generations. MultiGen offers an elegant, cost-effective solution that addresses these issues and creates estate plans for you, your children, and your grandchildren.

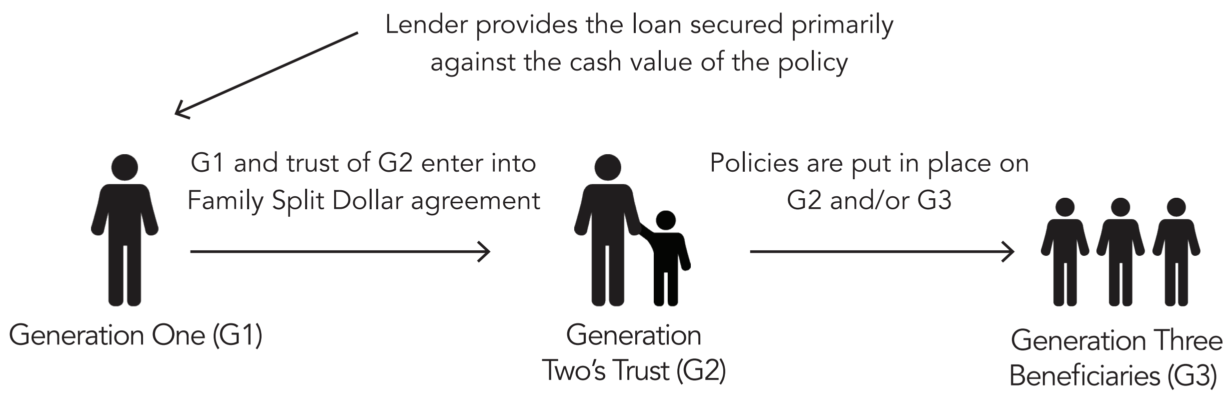
With MultiGen, life insurance is purchased on your children and/or grandchildren. This puts a strategy in place that resolves their estate tax liability, and creates an asset that can be used to recover from the expense of estate taxes. This prevents your subsequent generations from needing to sell off valuable real estate, businesses, or estate assets. Equally important, using collateral to fund this estate strategy means that you will be able to keep your current assets in place and continue earning on them with no opportunity costs, liquidation costs, or substantial gift taxes.

Among its many functions, MultiGen puts a sound estate strategy in place for multiple generations, granting you the ability to pass on more wealth to your family. As an added benefit, you may further reduce your estate if the value of the residual split dollar asset is lower than the book value.

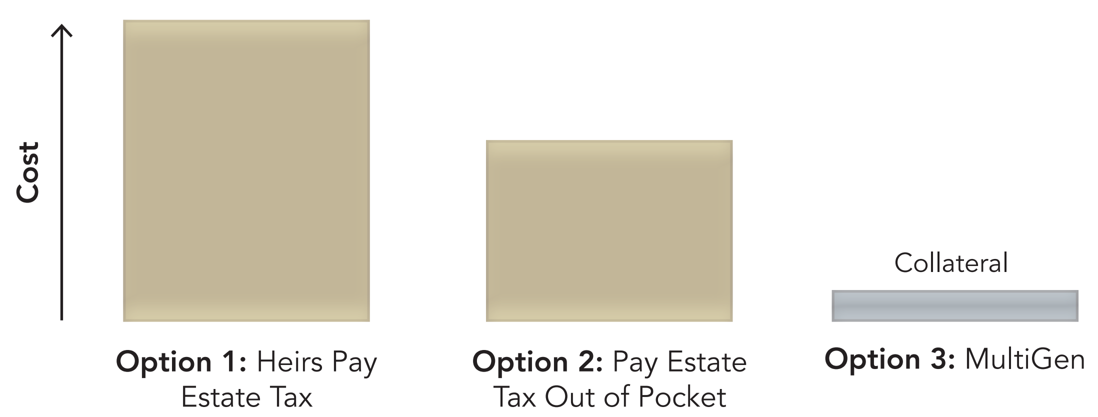
Financing provides the necessary liquidity without negatively affecting your cash flow.

How MultiGen Works

The first generation (G1) recieves financing from the bank, and transfers this money to the second generation's trust (G2). The financing creates a debt on G1's estate, which helps reduce their estate value when they pass away. Next, G2's trust purchases a life insurance policy optimized for cash accumulation. The life insurance policy (or policies) secures most of the bank loan, and the family collateralizes any shortfall. When G1 passes away, or by mutual consent, the bank loan will be refinanced over to G2's trusts. G2's trusts will then repay the loan to the bank using the cash value from the life insurance policy. Lastly, when G2 passes away, the life insurance policy will cover their estate taxes and the third generation will be able to recieve more of their inheritance from G2.



Example of Potential Estate Planning Costs



With Option 1, heirs liquidate 40-50% of your assets to pay for estate taxes using cash. A slightly better choice, Option 2 purchases life insurance out of pocket to cover taxes. Lastly, Option 3 uses MultiGen to post collateral for life insurance premiums.

Client Profile

- Client "rated" or uninsurable
- Able to obtain insurance on the children or grandchildren who are in good health
- $25m+ net worth
- Children or grandchildren have estate tax exposure
- Ability to pledge collateral

NIW Companies - Innovators in Wealth Management and Protection Strategies

NIW specializes in innovative estate, business, and retirement planning solutions for high net worth professionals. Our team combines extensive industry expertise and alternative thinking to offer financial solutions that are high quality, durable, and cost effective. At NIW, we know that value cannot be achieved unless our solutions are truly sustainable in all aspects. This commitment to excellence has enabled NIW to secure over $4 billion in loans and to achieve the highest persistency rate in the insurance industry.

NIW is independent of any insurance company that would provide the insurance policy for this strategy.

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NIW Companies, Inc.
5830 Granite Parkway Suite 700
Plano, Texas 75024
972-755-1582 or 800-294-9940
niwcorp.com