

UNITED OF OMAHA LIFE INSURANCE COMPANY  
COMPANION LIFE INSURANCE COMPANY

MUTUAL of OMAHA AFFILIATES

# Estate Planning Solutions



PRESERVING  
YOUR LEGACY



# Estate Planning

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Estate planning is the most important step you can take to ensure your legacy passes intact to your heirs.

A professionally designed estate plan allows you to employ various techniques that can minimize estate settlement costs and satisfy your objectives by:

- *Reducing estate or inheritance tax liability*
- *Conserving principal*
- *Avoiding costly, frustrating settlement delays*
- *Reducing probate and administrative costs*
- *Minimizing income taxes*

This brochure explains several estate planning solutions that can help you preserve your legacy and discusses the keys to an effective estate plan.



## Estate Settlement Costs – Not Just Taxes

*All estates, large and small, can expect to pay some expenses before assets are distributed to the heirs.*

*Don't let settlement costs negatively impact the plans for your estate.*

### THE CATEGORIES OF THESE EXPENSES INCLUDE:

**Final Expenses** • Funeral • Medical • Long-Term Care  
**Debts** • Credit Card • Mortgage • Business  
**Advisor's Fees** • Attorney's • Accountant's • Appraiser's  
**Maintenance Costs**  
**Taxes** • Income • Estate • Inheritance

If the level of these costs exceeds the value of liquid assets in the estate, non-liquid assets may be sold to raise the needed cash. Those assets, some of which may provide income for the family or that have sentimental value, would not then be available for other family purposes.



# Your Will – The First Key to Your Estate Planning Success

If you die without a will, the state decides how your property is distributed, which can be a troublesome and potentially costly situation for your heirs. Preparing a will is a vital step in your estate plan because it ensures your personal wishes are carried out.

## GENERALLY A WILL MAY PROVIDE FOR:

- Payment of debt and expenses
- Distribution of your property
- Appointment of a guardian for your minor child
- A gift to charity
- Continuation of a business
- Appointment of a personal representative

## SEVERAL TYPES OF WILLS

### *Simple Will*

The most common type of will, a simple will, typically is used to leave everything to the surviving spouse. This arrangement, however, may not take advantage of tax savings strategies under current laws.

### *Will With Testamentary Trust*

A testamentary trust is used to delay the distribution of assets to minor children or other family members until they are more capable of managing those assets. Many times, the provisions of this trust, which goes into effect when the trust's owner dies, are included in the will. Assets pass to this trust through the provisions of the will. Proper use of this trust will ensure that your assets go to your heirs when the heirs should receive them.

## Trusts – A Flexible Tool That Can Help You

A trust can be one of the most flexible tools available for the estate owner.

### TRUSTS CAN BE ESTABLISHED:

- For tax reasons
- For asset management reasons
- For charitable purposes
- For asset protection
- To delay distributions until a future time or event
- For privacy reasons

### *Trusts can be established:*

- During lifetime
- Upon death

### *Trusts can be:*

- Irrevocable (not changeable)
- Revocable (changeable)

## Additional Reasons to Plan

For certain estate owners, the plan may address these additional concerns:

- Passing the family business intact to the next generation
- Providing an equitable inheritance to all children when one large asset may not be easily divided
- Payment of income tax due on certain qualified retirement plan assets when received by the heirs
- Payment of expenses incurred when the estate owner is not able to care for himself or herself. Payment of these expenses acts to reduce the amount of inheritance for surviving family members



*Establish an estate plan to help ensure that your legacy passes intact to your heirs.*



## Reducing the Size of Your Estate

### **LIFETIME GIFTS**

Giving away assets during your lifetime is a great strategy for reducing the size of your gross estate. The annual exclusion permits gifts up to \$14,000 per recipient, with no gift tax. This amount can be doubled to \$28,000 if the spouse also makes a gift.

Additionally, you may be able to structure your gifts in a way that further reduces your estate or gift tax liability. We can work with you and your other advisors to help determine whether any of these devices are right for you.

### **CHARITABLE GIFTS**

Charitable giving can be a powerful estate planning tool. Gifts to charities may provide not only estate tax savings, but income and gift tax savings as well.

## Estate Costs – Learn Your Options

Having a thorough estate plan doesn't mean you won't have settlement costs. If you need to pay estate costs, here are some options.

### **USE CASH**

While cash can be used, it's unlikely there will be sufficient cash available when needed. Generally it is impractical to keep large amounts of cash on hand.

### **LIQUIDATE ASSETS**

Assets may have to be liquidated below their fair market value.

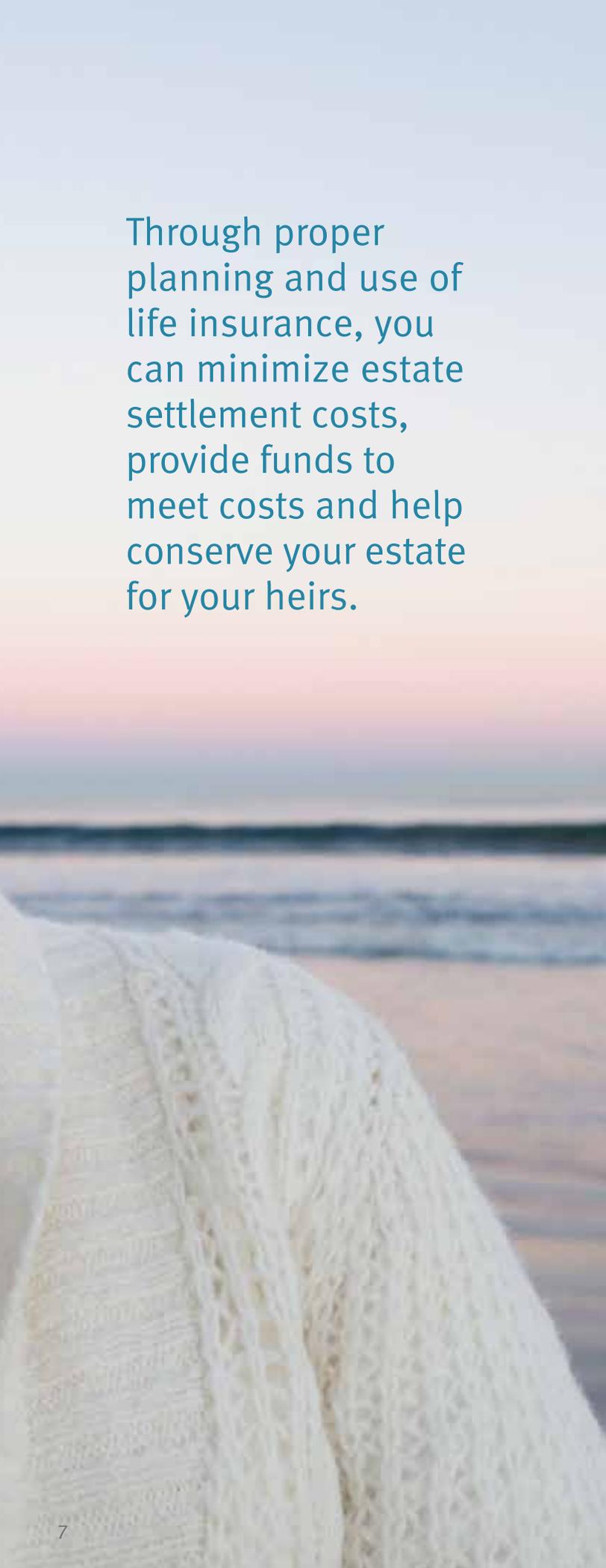
### **BORROW MONEY**

Borrowing also presents certain drawbacks. For example, will there be a willing lender available when the money is needed? Also, the loan will have to be repaid with interest.

### **PAY IN INSTALLMENTS**

If an estate contains business or farm assets, those assets may qualify for deferred installment payments under Internal Revenue Code (IRC) Section 6166. However, there are certain pitfalls when selecting this method of payment. The Internal Revenue Service can place a lien on the business and a missed payment can cause the entire deferred estate tax, plus interest, to become due immediately.





Through proper planning and use of life insurance, you can minimize estate settlement costs, provide funds to meet costs and help conserve your estate for your heirs.

## Life Insurance Advantages

- Premium payments can be spread out over a period of years
- Heirs don't have the burden of paying estate settlement costs
- Proceeds are immediately available when taxes are due
- Proceeds are free of federal income tax<sup>1</sup>
- Generally, insurance policy proceeds are free of federal estate tax if a third party or an irrevocable life insurance trust owns the policy<sup>2</sup>
- Generally, proceeds are not subject to probate expenses

Through proper planning and use of life insurance, you can minimize estate settlement costs, provide funds to meet costs and help conserve your estate for your heirs.

## Use Life Insurance

Life insurance allows you to pay now, and may pay all estate-settlement costs, including federal estate taxes, usually for just pennies on the dollar. By placing ownership of your insurance policy with a third party or in an irrevocable life insurance trust, you can exclude the policy from your estate, thereby avoiding taxes on policy proceeds.

<sup>1</sup>Death benefit proceeds from a life insurance policy are generally not included in the gross income of the taxpayer/beneficiary (Internal Revenue Code Section 101(a)(1)). There are certain exceptions to this general rule including policies that were transferred for valuable consideration (Code Section 101 (a)(2)). This information should not be construed as tax or legal advice. Consult with your tax and legal professional for details and guidelines specific to your situation.

<sup>2</sup>Internal Revenue Code Section 2042(2)



## Getting Started

### YOU CAN GET THINGS GOING BY PROVIDING US INFORMATION ABOUT:

- Your goals
- Your will, trust, etc.
- Your assets and outstanding liabilities

### WE CAN HELP YOU:

- Estimate the amount of your estate settlement costs for discussion with your legal and financial advisor
- Determine if your goals are being met under your current plan
- Explore alternatives in order to meet your goals
- Gain consensus with legal, tax and financial advisors regarding revisions to your existing plan
- Coordinate implementation of your plan and establish funding for estate settlement costs
- Monitor your plan for changes related to tax laws and your goals

A well-trained, professional insurance agent\* who knows the benefits and uses of all different types of life insurance policies will be happy to analyze your situation without cost or obligation. The attached factfinder will allow your agent\* to build a professional estate plan.

***Always Consult Your Legal and Tax Advisor Regarding Your Situation.***

*\* in OR and WA: producer*



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# Estate Analysis Factfinder

**DATE** \_\_\_\_\_ **AGENT\*** \_\_\_\_\_ **ADDRESS** \_\_\_\_\_

## CLIENT

Name \_\_\_\_\_ Sex \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Phone \_\_\_\_\_

Date of Birth \_\_\_\_\_ Age \_\_\_\_\_

Email \_\_\_\_\_

### Tax Rates

Pre-retirement \_\_\_\_\_

Post-retirement \_\_\_\_\_

Employer \_\_\_\_\_

Occupation \_\_\_\_\_

Estimated Final Expenses \_\_\_\_\_

## SPOUSE

Name \_\_\_\_\_ Sex \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Phone \_\_\_\_\_

Date of Birth \_\_\_\_\_ Age \_\_\_\_\_

Email \_\_\_\_\_

### Tax Rates

Pre-retirement \_\_\_\_\_

Post-retirement \_\_\_\_\_

Employer \_\_\_\_\_

Occupation \_\_\_\_\_

Estimated Final Expenses \_\_\_\_\_

## CHILDREN'S NAMES

## AGE

## MARITAL STATUS

**SITUATION** (Are children from a prior marriage, adopted, etc.? Also list special circumstances.)

CHILDREN'S NAMES	AGE	MARITAL STATUS	SITUATION
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

## Income

	CLIENT	SPOUSE
Annual Income	\$ _____	\$ _____
Growth Rate	_____ %	_____ %
Percentage of Annual Income Saved	_____ %	_____ %
Number of Years Expected to Receive Income	_____	_____
Annual Expenditures	_____	_____

\* in OR and WA: producer

## Record of Assets

CLIENT	OWNER	MARKET VALUE	LIABILITY	GROWTH RATE	BASIS
Residence _____	_____	\$ _____	\$ _____	_____	_____
Real Estate _____	_____	\$ _____	\$ _____	_____	_____
Securities _____	_____	\$ _____	\$ _____	_____	_____
Cash _____	_____	\$ _____	\$ _____	_____	_____
Automobile _____	_____	\$ _____	\$ _____	_____	_____
Household Goods _____	_____	\$ _____	\$ _____	_____	_____
Personal Property _____	_____	\$ _____	\$ _____	_____	_____
Business Interest _____	_____	\$ _____	\$ _____	_____	_____

**Percentage of Business Owned** \_\_\_\_\_

**Type of Business Structure** \_\_\_\_\_  
*(e.g., partnership, S-corp, C-corp, LLC, sole proprietor)*

**Has business been valued within the last two years?** \_\_\_\_\_

ITEM	OWNER	MARKET VALUE	LIABILITY	GROWTH RATE	BASIS
Future Inheritance _____	_____	\$ _____	\$ _____	_____	_____
Other _____	_____	\$ _____	\$ _____	_____	_____
Other _____	_____	\$ _____	\$ _____	_____	_____
Other _____	_____	\$ _____	\$ _____	_____	_____

### The Value of Your Farming or Ranching Business

Use this schedule to list the value of assets comprising the farm or ranching operation of your client. Do not enter figures here that already have been entered in your client's record of assets section.

ITEM	OWNER	MARKET VALUE	LIABILITY	GROWTH RATE	BASIS
Real Estate _____	_____	\$ _____	\$ _____	_____	_____
Machinery _____	_____	\$ _____	\$ _____	_____	_____
Livestock _____	_____	\$ _____	\$ _____	_____	_____
Machinery _____	_____	\$ _____	\$ _____	_____	_____
Total Agribusiness Assets _____	_____	\$ _____	\$ _____	_____	_____

*(indicate percentage owned)*

**Owner:** J=Joint with spouse, H=Husband, W=Wife, C=Community Property

**Community Property States:** Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin



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**Retirement Plans**

*Types include:* pension or profit-sharing plans, including 401(k), HR10 plans, SEP plans, tax-sheltered annuities, individual retirement plans and deferred compensation programs.

PLAN TYPE	PARTICIPANT	CURRENT VALUE	BENEFICIARY	YEARLY CONTRIBUTION	GROWTH RATE
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____

**Existing Insurance**

INSURED	OWNER	BENEFICIARY	ISSUING COMPANY	DEATH BENEFIT <sup>1</sup>	SURRENDER VALUE	PREMIUM
_____	_____	\$ _____	_____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____	_____

**Long-Term Care Insurance**

INSURED	ISSUING COMPANY	DAILY BENEFIT	BENEFIT PERIOD	PREMIUM
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

*Riders/Other Benefits* \_\_\_\_\_  
\_\_\_\_\_

*Insured:* H=Husband, W=Wife, S=Survivor, O=Other  
*Beneficiary:* H=Husband, W=Wife, T=Trust, O=Other  
*Owner:* H=Husband, W=Wife, T=Trust, O=Other

<sup>1</sup>If the owner has borrowed against the policy's cash value, reduce death benefits by the amount of the loan.

## Testamentary Plans

### **Present Estate Plan**

Do you have a will?  Yes  No Date of Will \_\_\_\_\_

Have you used an irrevocable life insurance trust to exclude insurance proceeds from being taxed to your estate?  Yes  No

Do you have a living revocable trust?  Yes  No

Does your spouse have a will?  Yes  No Date of Will \_\_\_\_\_

Has your spouse used an irrevocable life insurance trust to exclude insurance proceeds from being taxed to your estate?  Yes  No

Does your spouse have a living revocable trust?  Yes  No

Does your spouse have long-term care insurance?  Yes  No

Have you utilized a gift-giving program to reduce the size of your gross estate?  Yes  No

Do you have a prenuptial agreement?  Yes  No

If yes, describe \_\_\_\_\_  
\_\_\_\_\_

If you own a business, do you have a succession plan in place?  Yes  No

If yes, describe \_\_\_\_\_  
\_\_\_\_\_

Are you active in any associations, charities or alumni organizations?  Yes  No

If yes, please list \_\_\_\_\_  
\_\_\_\_\_

## Your Estate Planning Objectives

How would you like your estate to be distributed at your death, assuming you die first? \_\_\_\_\_  
\_\_\_\_\_

How would your spouse like his/her estate to be distributed at death, assuming your spouse dies first? \_\_\_\_\_  
\_\_\_\_\_

How much annual income will you need to retire? \_\_\_\_\_  
\_\_\_\_\_

What will be the source of that income? \_\_\_\_\_  
\_\_\_\_\_

Do you or your spouse plan to bequeath money/assets to a charity at death? If yes, explain. \_\_\_\_\_  
\_\_\_\_\_

**Additional Estate Planning Information** \_\_\_\_\_  
\_\_\_\_\_

**Other Advisors:** Attorney \_\_\_\_\_ Investment Advisor \_\_\_\_\_

Insurance Agent\* \_\_\_\_\_ Trust Officer \_\_\_\_\_ Accountant \_\_\_\_\_

\* in OR and WA: producer



**Receipt for Estate Planning Documents**

**Instructions**

- A. Check each document received for analysis.
- B. Indicate whether original (O) or copy (C).
- C. Agent\* should complete, sign, date and leave the receipt with the client.
- D. Detach the factfinder from the brochure and leave brochure with the client.
- E. Upon returning the documents, have client sign and date, indicating that all documents have been returned.

**INSURANCE POLICIES**

COMPANY	POLICY NUMBER	COMPANY	POLICY NUMBER
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**PERSONAL DOCUMENTS**

**BUSINESS DOCUMENTS**

- |   |  |
|---|--|
| Your Will <sup>1</sup> _____              | Income Tax Returns (3 yrs.) _____          |
| Spouse's Will <sup>1</sup> _____          | Financial Statement <sup>1</sup> _____     |
| Trust Agreements _____                    | Stock Purchase Agreement _____             |
| Deeds or Contracts _____                  | Business Buy-Sell Agreements _____         |
| Income Tax Returns (3 yrs.) _____         | Employee Agreements _____                  |
| Gift Tax Returns _____                    | Employee Benefits Booklet _____            |
| Financial Statement <sup>1</sup> _____    | Pension or Profit-Sharing Plan _____       |
| Divorce Decree _____                      | Leases of Lessor or Lessee _____           |
| Prenuptial or Postnuptial Agreement _____ | Other (specify) _____                      |
| Other (specify) _____                     | <sup>1</sup> Minimum recommended documents |

**Documents Received for Analysis**

**Your documents will be returned on completion of analysis, or sooner, if requested.**

Agent \_\_\_\_\_

Address \_\_\_\_\_ Phone Number \_\_\_\_\_

Agent's\* Signature \_\_\_\_\_ Date \_\_\_\_\_

The policies and documents for which the above receipt was given have been returned to me.

Client's Signature \_\_\_\_\_ Date \_\_\_\_\_

Client's Signature \_\_\_\_\_ Date \_\_\_\_\_

\* in OR and WA: producer



Underwritten by:

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