



SunSolutions For LifeSM Municipal Bond Alternative

Financial Situation

Hard work and well-reasoned decisions, including the use of municipal bonds for tax advantages, have helped to build wealth for an enjoyable financial future. Now, not all of the wealth may be needed to fuel retirement, and focus can be shifted to transferring wealth to heirs. Here is an alternative plan to help transfer wealth.

Possible Solution

Consider a Municipal Bond Alternative, funded with life insurance, to transfer wealth.

Strategy

**Sell Municipal Bond Portfolio:
Purchase Annuity**

After careful consideration and consultation with a tax advisor, it may be advantageous to sell some or all of the municipal bonds (or any other asset). The after-tax proceeds can be used to purchase a single premium immediate annuity with guaranteed payments, which extend for a client's life or for the joint lives of a client and spouse.¹

After-Tax Annuity Income

Gifts*

**Establish Irrevocable
Life Insurance Trust**

Prior to distributions, establish an Irrevocable Life Insurance Trust (ILIT). Income from the annuity is leveraged as gifts to the ILIT by using annual exclusions and/or lifetime unified credit.²

Insurance
Proceeds

The trustee is the applicant, owner and beneficiary of the Policy. Upon death, the life insurance proceeds will pass through the ILIT to heirs, free of federal income and estate taxes. This assumes no transfer for value has been made or that the insured has had no incidents of ownership over the policy during his life.

*Subject to applicable gifting laws and restrictions.

Results

Estate taxation can be effectively minimized, while the transfer of wealth to heirs is maximized.

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Benefits of the Municipal Bond Alternative Plan

Maximize Taxable Estate

The bonds will no longer be included as part of the estate.

Additional Income

Any excess annuity income over the gifts to the ILIT may be used for retirement income.

Maximize Transfer of Wealth

Upon death, the life insurance proceeds will pass through the ILIT to heirs or favorite charity free of estate and federal income taxes. This assumes no transfer for value has been made or that the insured has had no incidents of ownership over the policy during his life.

Strength and Security of Sun Life Financial

To help individuals, small businesses, and corporations plan for and achieve financial security, Sun Life Financial provides a diverse range of wealth accumulation and protection products and services. Chartered in 1865, Sun Life Financial and its partners today have operations in key markets worldwide.

Notes:

¹Selling a municipal bond at a gain will trigger capital gains taxes. Annuity income consists of principal and interest and a portion of each payment will be income taxable. The taxable portion of the annuity income is determined by the applicable annuity exclusion percentage. Excess annuity payments above the exclusion percentage are considered ordinary income.

²Any gift to an ILIT that is intended to be a present interest and completed gift must be made to an ILIT, which contains Crummey power language. Annual exclusion gifts made to an ILIT can be gift tax-free if they do not exceed \$12,000 per individual beneficiary in 2008. Gifts can be made using the lifetime unified credit exemption of up to \$1,000,000 per donor.

This information is for general education of producers and contains references to concepts that have significant legal, accounting and tax implications. It is not intended as legal, accounting or tax advice. Clients should consult with their own tax advisor regarding the application of these concepts to any particular situation.

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All guarantees are based on the claims-paying ability of the issuing company, Sun Life Assurance Company of Canada (Wellesley Hills, MA), or in New York, Sun Life Insurance and Annuity Company of New York (New York, NY). All are members of the Sun Life Financial group of companies.

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