



SunSolutions For LifeSM Estate Max Alternative

Financial Situation

Hard work and well-reasoned decisions, including the use of deferred annuities 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 an Estate Max approach, funded with life insurance, to transfer wealth.

Strategy

Take Distributions from Annuity

After careful consideration and consultation with a tax advisor, it may be advantageous to take distributions from the deferred annuity(ies). Distributions may be in the form of withdrawals¹, annuitization with guaranteed payments extending for life or for the joint lives of contract holder and spouse, or for period certain.²

After-Tax Annuity Income

Gifts*

Establish Irrevocable Life Insurance Trust

Prior to distribution, establish an Irrevocable Life Insurance Trust (ILIT). Distributions from the annuity are leveraged as gifts to the ILIT by using annual exclusions and/or lifetime unified credit.³

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.⁴

*Subject to applicable gifting laws and restrictions.

Results

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

SL-9-090318AB

Benefits of the Estate Max Alternative Plan

Maximize Transfer of Wealth

Upon death, the life insurance proceeds will pass through the ILIT to heirs free of income and estate taxes.⁴

Restore Lost Annuity Value

The life insurance coverage restores the death benefit that had been provided by the annuity value. This restoration produces a similar benefit for heirs.

Additional Income

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

Lifetime Guarantees

Access to a lifetime of annuity income and a lifetime no-lapse feature for the life insurance death benefit are guaranteed, as long as required premium is paid on time each year. (These features may not be available with all products or in all states.)

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:

¹Scheduled or systematic withdrawals are not guaranteed, and to the extent there is any shortfall, out-of-pocket payments may be needed to fund the life insurance premiums. Withdrawals from an annuity are taken on a last-in-first-out basis, and will be subject to income tax until 100% of the gain is received. Other tax consequences may result, including estate tax or income in respect of a decedent (IRD).

²Annuity carriers offer specific rules and should be contacted for more information. 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.

³In order for gifts to the ILIT to qualify for the annual exclusion, the trust beneficiaries should be given "Crummey" rights of withdrawal over the gift. In 2008, the annual exclusion gift amount is \$12,000 and the unified credit amount is \$2,000,000 per person. (A donor can gift a maximum of \$1,000,000 during his/her life.)

⁴This assumes no transfer for value has been made or that the insured has had no incidents of ownership over the policy during his life. 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.

Not FDIC/NCUA insured. May lose value. No bank/credit union guarantee. Not a deposit. Not insured by any federal government entity.

Universal life insurance is issued by 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 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.

©2008 Sun Life Assurance Company of Canada. All rights reserved. Sun Life Financial and the globe symbol are registered trademarks of Sun Life Assurance Company of Canada.