

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Advisory Regarding Life Insurance Trust and Beneficiary Designations

Dear [Client Name],

Following our recent estate planning review, I am writing to provide guidance regarding your life insurance policies and the importance of coordinating your beneficiary designations with your overall estate plan.

### **1. Irrevocable Life Insurance Trust (ILIT)**

To minimize potential estate taxes and provide professional management of proceeds, we have discussed the creation of an Irrevocable Life Insurance Trust. If you proceed with this structure, the Trust must be both the owner and the beneficiary of the policy. This removes the death benefit from your taxable estate.

### **2. Review of Current Designations**

It is critical that you review the beneficiary forms for all existing policies. Assets passing via beneficiary designation override instructions left in a Will or Revocable Living Trust. Please ensure that these designations do not conflict with your primary estate goals.

### **3. Coordinating with Your Trust**

For policies not held in an ILIT, you may wish to name your Revocable Living Trust as the primary or contingent beneficiary. This ensures that the proceeds are distributed according to the specific terms, protections, and age restrictions established in your trust document rather than being paid directly to individuals.

### **4. Minor Beneficiaries**

Please avoid naming minor children directly as beneficiaries. Insurance companies cannot pay proceeds to minors, which may necessitate a court-supervised guardianship. Instead, these funds should be directed to your Trust for the benefit of the minors.

### **5. Next Steps**

Please provide our office with a list of your current life insurance carriers and policy numbers. We recommend requesting "Change of Beneficiary" and "Change of Ownership" forms from your agents so we may assist you in completing them correctly.

Properly aligning your life insurance is a vital step in protecting your family's financial future. Please contact me if you have any questions.

Sincerely,

[Your Name]  
[Your Title]  
[Firm Name]