

# Protecting the dream for future generations



# How comfortable are you with the control you have over how and to whom your wealth passes after you're gone?

The combination of your home, business, and financial holdings...even your belongings, is your "estate." Everyone has an estate, but not everyone has an estate plan. An estate plan is more than having a will; it's a plan you craft that defines in detail how you will:

**Protect** your family and assets

**Control** your wealth

**Provide** for loved ones or charitable causes

**Life insurance** is a **unique financial tool** that can play an unparalleled role in helping you create a sound estate plan. Life insurance...

...offers protection by **replacing income** for your family and **providing** a source of **liquidity** for your estate.

...gives you control over your wealth by helping **address taxes and debt**, and **minimizing** your assets' **exposure to probate**.

...offers you the ability to **increase the dollars** you leave to family, friends or charity by **leveraging** premium into a generally larger policy death benefit.

## Let life insurance help turn your estate planning goals and dreams into reality.

This material does not constitute tax, legal, or accounting advice, and neither the issuing company nor any of its agents, employees, or registered representatives are in the business of offering such advice. This material cannot be used by any taxpayer for the purpose of avoiding any IRS penalty. Anyone interested in tax, legal or accounting advice should seek advice based on his or her particular circumstances from independent, professional advisers.

# How life insurance can be part of your estate plan and help shape your legacy.

## Your estate

Everything you own and have certain interests in



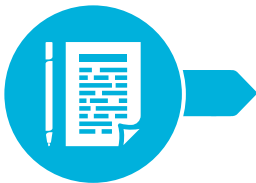
## Your estate documents

Wills, health care directives, powers of attorney, etc.



## Estate planning solutions

Life insurance, gifting, and trusts



## Your legacy with the help of life insurance

Income and liquidity for your family

Address debt, probate and taxes

Increased legacy for family and/or charity

# Answers to questions you might have

## How do I know what makes up my estate?

Your estate comprises everything you own and have certain interests in. This may include your home; real estate; brokerage accounts; 401(k)s; IRAs; retirement accounts; life insurance proceeds; and personal property such as jewelry, artwork, cars, heirlooms, etc.

## What's the difference between a will and an estate plan?

A will is a document that is part of an estate plan. It is the document that dictates how you want your “probate estate” distributed to your heirs, who you want appointed as guardians of your minor children, and which belongings should go to which individuals or charitable organizations. An estate plan is broader; in addition to a will, it includes documents such as powers of attorney, advance directives, and trusts.

## What documents should I include in my estate plan?

Essential estate planning documents include a Health Insurance Portability and Accountability Act (HIPAA) release, a health care directive, health care power of attorney (POA), financial POA, beneficiary designations, and a will. Depending on your financial situation, additional estate planning documents may also be needed.

## What is probate?

“Probate” means “to prove,” and is the legal process whereby an estate is “proved” to be valid. In probate, the assets of a decedent are collected, bills paid, and the remaining assets distributed to his or her heirs. This happens with assets whether or not there is a will. Certain assets avoid probate because they pass directly to a person via a beneficiary or “transfer on death” designation.

## Which assets are subject to probate?

Assets that pass through probate are those that do not have a beneficiary designation or a transfer on death directive. In other words, **all assets** held in the name of the decedent **except**:

- Insurance policy death benefits
- Assets with beneficiary designations (401(k)s, IRAs)
- Assets owned as “transfer on death,” (checking, savings and brokerage accounts)
- Property legally held “jointly with right of survivorship” (a joint bank or brokerage account)
- Assets or property held in a revocable or irrevocable trust created during your lifetime

## How can life insurance reduce my exposure to probate?

Life insurance is an asset with a beneficiary designation, so it passes directly to an individual at your death and does not pass through probate. Also, life insurance is often held in a trust for the purpose of reducing estate taxes (usually in an irrevocable life insurance trust, or “ILIT”) and, trust assets do not pass through probate.

## Will my estate be subject to estate tax?

As of 2019, an estate valued at over \$11.4 million (\$22.8 million for married couples) may be subject to federal estate taxation (state estate or inheritance taxes vary by state and may have lower exemption amounts). Assets left to a surviving spouse or a tax-exempt charity are generally exempt from estate tax.

## How can I use a trust to reduce estate taxes?

A solution to lower estate taxes can be to set up a trust, which, when properly designed, can remove assets from your estate for estate tax calculation purposes.

- **Marital trust (a.k.a “A/B trust” and “credit shelter trust”)** – Creating a trust at the first death can offer control on when and how your assets are distributed, provide asset protection for your heirs, prevent state estate and inheritance taxes at the death of the surviving spouse and remove any future appreciation of the assets from future estate taxes. Often the trust’s income and principal can be made available to the surviving spouse for his or her lifetime.
- **Irrevocable Life Insurance Trust (ILIT)** – this type of trust can help minimize estate, gift and generation skipping taxes, provide liquidity, and replenish wealth lost to taxes. The ILIT becomes the owner and beneficiary of the life insurance policy, which generally removes the policy’s proceeds from the taxable estate.

## How do I begin setting up my estate plan?

The steps you take to set up an estate plan will depend on the size of your estate. If your estate is smaller, simply creating a check list of appropriate estate documents and reviewing your current assets are good first steps. When dealing with a larger estate, you may want to engage an attorney, accountant and tax adviser. Work with your financial advisor to review your overall situation, including reviewing existing beneficiary designations on your non-probate assets.





# Live confidently every day.

As a company with a long history of strength, stability and expertise, we're committed to serving your needs and interests. We offer a range of products and services that give you the flexibility you need and the stability you desire as you live for today, make plans for retirement and prepare for your personal legacy.



[riversource.com/insurance](https://riversource.com/insurance)

112366 D (9/19)

Before you purchase life insurance, be sure to ask your financial advisor about the policy's features, benefits and fees, and whether the life insurance is appropriate for you, based upon your financial situation and objectives.

The *Confident Retirement* approach is not a guarantee of future financial results.

Neither RiverSource Life Insurance Company, RiverSource Life Insurance Co. of New York nor their representatives provide tax or legal advice. You should consult with an independent and qualified tax or legal adviser concerning your situation.

**Issued by RiverSource Life Insurance Company, Minneapolis, Minnesota, and in New York only, by RiverSource Life Insurance Co. of New York, Albany, New York. Affiliated with Ameriprise Financial Services, Inc.**

© 2016-2019 RiverSource Life Insurance Company. All rights reserved.