



Estate Tax Calculator

# Know where you stand

Under the Tax Cuts and Jobs Act

Presented to:  
**Valued Client**



Presented by:

**Producer Name**

(123) 456-7890

name.producer@principal.com

## Table of contents

Overview .....	3
Calculation details .....	5
Action plan .....	6
You can trust Principal® .....	7

### Proprietary and confidential

We appreciate the opportunity to prepare and present this estate tax calculation.

The information contained in this proposal has been developed based on our years of knowledge and experience in the industry. Rest assured that the information contained in this proposal will be kept strictly confidential.

This proposal was created by and is the proprietary property of Principal®. This material is provided for informational purposes only. It is presented with the understanding that Principal is not rendering legal, accounting, investment, or tax advice. Please consult with your professional advisors to review your specific situation.

# Making informed decisions in the current tax environment

You've worked really hard to achieve your level of financial success. So naturally, it's important to understand the potential impact of estate taxes on you and your estate. And you want to make sure the assets you've accumulated go to those you want to benefit, in the manner you desire. That's what estate planning helps you do.

## Understanding the effects of estate taxes

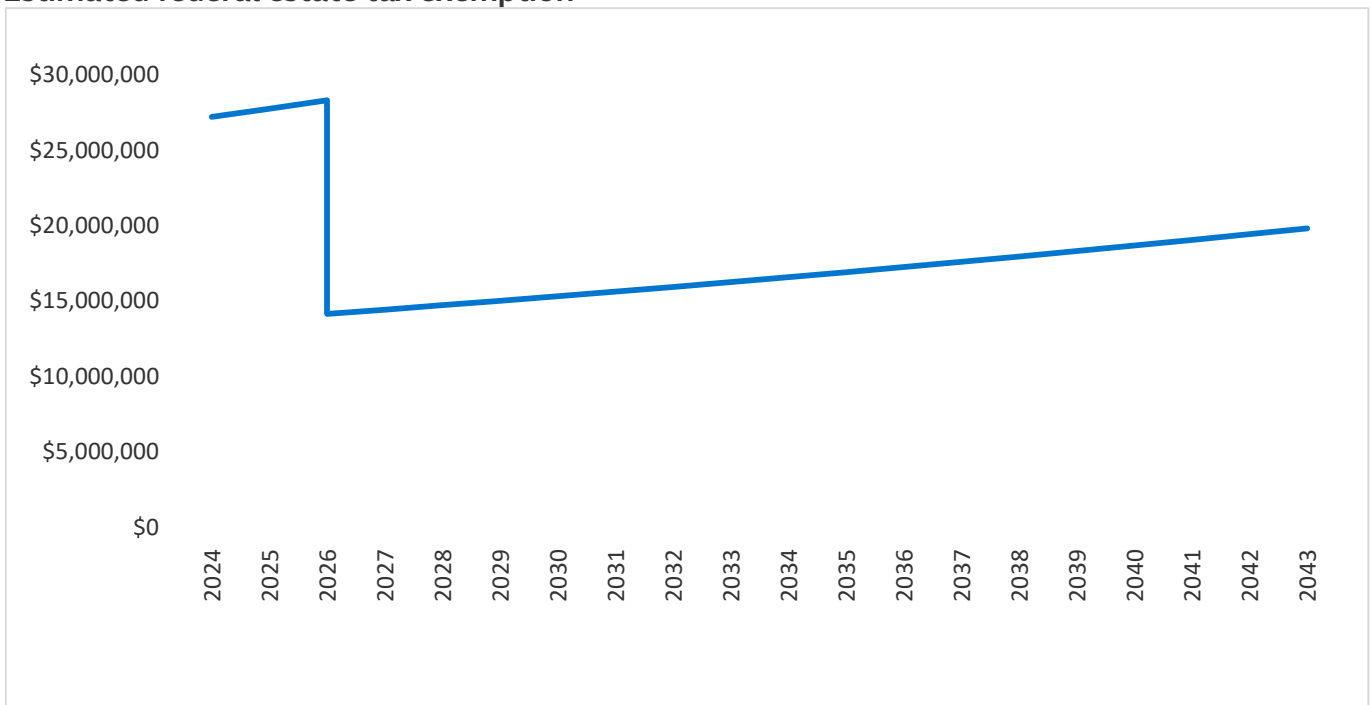
Depending on the size of your estate, it may be subject to federal estate taxes. As your estate grows, so does your potential tax liability, leaving less for your loved ones or a favorite charity. But by planning ahead, you can minimize the impact the tax has on those you leave behind.

More than ever, with uncertainty as to the future of the Federal Estate tax, the impact to your estate may be different throughout the next several years.

## What are the potential impacts?

As it stands today, provisions of the Tax Cuts and Jobs Act allow for a large estate tax exemption of \$13,610,000 (per person) and \$27,220,000 (per married couple).<sup>1</sup> However, those provisions are temporary and scheduled to sunset, or revert, to an estimated \$6,805,000 (per person) and \$13,610,000 (per married couple) in 2026.<sup>1</sup>

### Estimated federal estate tax exemption



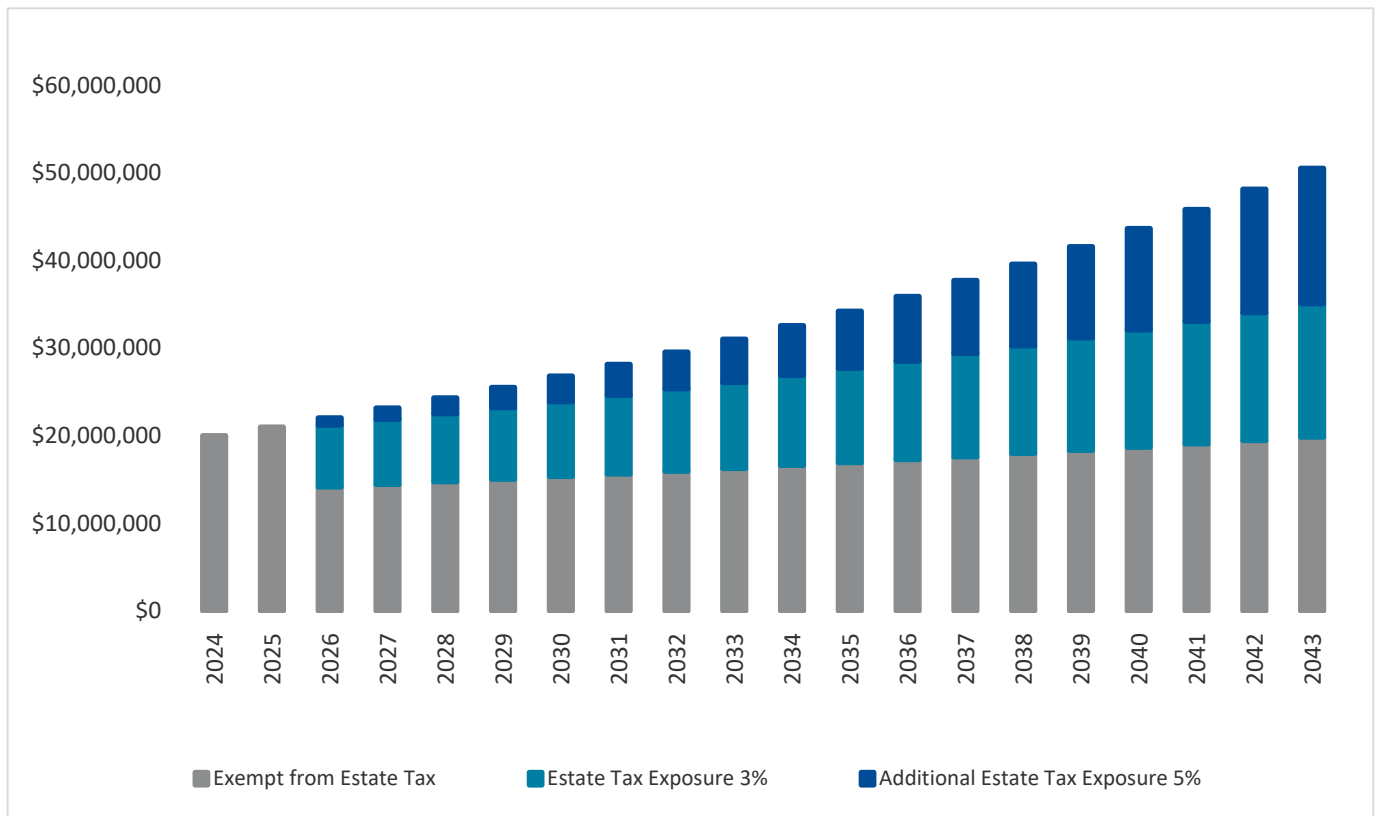
<sup>1</sup> The exemptions are subject to indexing.  
Classification: Customer Confidential

# Let's get started.

No one has a crystal ball to know what the future holds. But, it all starts with getting a better idea of what your estate value could be in the future. So this report projects what your estate tax liability could be.

Using where you are today, the graph below provides an estimate of your estate tax exposure, using two different assumed growth rates.<sup>2</sup> The results give you a range of potential outcomes that can help you make more informed decisions.

## Estimated federal estate tax exposure



<sup>2</sup> Higher investment returns typically involve greater investment risk.

# Understanding your estate tax exposure

	Estate Tax Exemption	Estimated at 3% Growth		Estimated at 5% Growth	
		Estate Value	Estate Tax Exposure	Estate Value	Estate Tax Exposure
2024	\$27,220,000	\$20,000,000	\$0	\$20,000,000	\$0
2025	\$27,764,400	\$20,600,000	\$0	\$21,000,000	\$0
2026	\$14,159,844	\$21,218,000	\$2,823,262	\$22,050,000	\$3,156,062
2027	\$14,443,041	\$21,854,540	\$2,964,600	\$23,152,500	\$3,483,784
2028	\$14,731,902	\$22,510,176	\$3,111,310	\$24,310,125	\$3,831,289
2029	\$15,026,540	\$23,185,481	\$3,263,577	\$25,525,631	\$4,199,637
2030	\$15,327,071	\$23,881,046	\$3,421,590	\$26,801,913	\$4,589,937
2031	\$15,633,612	\$24,597,477	\$3,585,546	\$28,142,008	\$5,003,359
2032	\$15,946,284	\$25,335,402	\$3,755,647	\$29,549,109	\$5,441,130
2033	\$16,265,210	\$26,095,464	\$3,932,102	\$31,026,564	\$5,904,542
2034	\$16,590,514	\$26,878,328	\$4,115,125	\$32,577,893	\$6,394,951
2035	\$16,922,324	\$27,684,677	\$4,304,941	\$34,206,787	\$6,913,785
2036	\$17,260,771	\$28,515,218	\$4,501,779	\$35,917,127	\$7,462,542
2037	\$17,605,986	\$29,370,674	\$4,705,875	\$37,712,983	\$8,042,799
2038	\$17,958,106	\$30,251,794	\$4,917,475	\$39,598,632	\$8,656,210
2039	\$18,317,268	\$31,159,348	\$5,136,832	\$41,578,564	\$9,304,518
2040	\$18,683,613	\$32,094,129	\$5,364,206	\$43,657,492	\$9,989,551
2041	\$19,057,286	\$33,056,953	\$5,599,867	\$45,840,366	\$10,713,232
2042	\$19,438,431	\$34,048,661	\$5,844,092	\$48,132,385	\$11,477,581
2043	\$19,827,200	\$35,070,121	\$6,097,168	\$50,539,004	\$12,284,722

## Here's how we calculated the results

- Current planning results in zero estate tax liability at first death through effective use of the estate tax exemption and marital deduction, as needed.
- Estate tax exemption indexed at 2% based on Chained Consumer Price Index (C-CPI).
- Estate tax rate is 40%.
- Unspent, after-tax annual income is not reinvested.

## Some other things you might want to consider

- State estate or inheritance taxes could be an additional factor in your planning, based on the current higher exemptions.
- Estate taxes could also be impacted by family changes such as divorce or inheritance, debt reduction, unspent income and planning strategies used to reduce estate taxes.

# Life insurance can help you meet your goals.

Now that you've reviewed estimates of your potential future estate tax exposure, it's time to consider how you can lessen the financial impact to those you leave behind. Life insurance can help prevent the sale of an important family asset such as land, a vacation home, or family business by paying death benefit proceeds that can be used to cover federal and state estate or inheritance tax bills or provide extra estate liquidity for legacy planning, so long as you pay a certain premium amount.

Those who use life insurance for estate planning have various options including term and permanent life insurance.

## Term life insurance

With term coverage, you implement life insurance protection for a certain amount of time, generally from 10 to 30 years. When the term is up, you may be able to renew your policy (at a new higher rate based on your current age) or let it end. Key benefits of term insurance are its lower initial cost and the potential opportunity to convert it to permanent insurance later without the need for additional underwriting even if your health has changed.

## Permanent life insurance

This type of insurance provides coverage that can last your entire lifetime. Some policies offer a cash value component that can accumulate cash savings over time. People often purchase permanent insurance for its coverage they can't outlive and to lock-in rates at their current age that would otherwise increase as they age.

Your financial professional will help find a solution that may be appropriate for you. Here is what you will discuss:

- Your health
- The amount of coverage you need, and its cost.

# An industry leader in your corner

Your legacy is important. Creating your estate plan today can give you the confidence and control to know that it will be passed on to your loved ones the way you intend. Equally important is the company you choose to work with to help ensure the plan design meets your goals.

## Everything you need in one place

Once you decide this plan is right for you, we'll bring our expertise and resources to the table to help you put the plan in place. Everything you need to successfully implement and maintain a plan is available at Principal:



Experienced  
professionals



Dependable  
products



Comprehensive  
service

## Experience and leadership every step of the way

Our priority is to understand where you want to be and then help you get there. Our dedicated team of experienced attorneys and Certified Public Accountants (CPAs)<sup>4</sup> works with financial professionals and advisors. Together, we deliver innovative ideas and real-life solutions that can help make your financial progress possible.

- A member of the Fortune 500®, the Principal Financial Group has \$635 billion in assets under management and serves 62 million customers.<sup>5</sup>
- We have been offering life insurance for over 140 years and consistently receive strong financial ratings from the four major rating agencies — A.M. Best Company, Moody's Investor Services, Standard & Poor's and Fitch Ratings.<sup>6</sup>
- Principal Trust Company® offers comprehensive trust administration services with a wide variety of trust types, tools, and support.

<sup>4</sup> Attorneys and CPAs do not provide legal, tax or accounting services on behalf of the companies of the Principal Financial Group®.

<sup>5</sup> As of December 31, 2022.

<sup>6</sup> Third-party ratings relate only to Principal Life Insurance Company, the largest member company of the Principal Financial Group®, and Principal National Life Insurance Company, and do not reflect any ratings actions or notices relating to the US life insurance sector generally. While ratings can be objective indicators of an insurance company's financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company and do not apply to any underlying variable investment options. The broker/dealer a life insurance policy is purchased from, the insurance agency and any affiliates of those entities make no representations regarding the quality of the analysis conducted by the rating agencies. The rating agencies are not affiliated with the above mentioned entities.





The subject matter in this communication is provided with the understanding that Principal is not rendering legal, accounting, investment or tax advice. You should consult with appropriate counsel, financial professionals, and other advisors on all matters pertaining to legal, tax, investment, or accounting obligations and requirements.

Insurance products issued by Principal National Life Insurance Company (except in NY), Principal Life Insurance Company®, and the companies available through the Preferred Product Network, Inc. Plan administrative services provided through Principal Life Insurance Company®. Securities offered through Principal Securities, Inc., member SIPC, and/or independent broker/dealers. Referenced companies are members of the Principal Financial Group®, Des Moines, IA 50392.

Principal Trust Company<sup>SM</sup> is a trade name of Delaware Charter Guarantee & Trust Company, a member of the Principal Financial Group®.

Calculators such as this are provided only as a general self-help tool. Results depend on many factors, including the assumptions you provide. We do not guarantee their accuracy, or applicability to your circumstances. Assumed law is for illustrative purposes only and not an indication of future law. These tools are not offers, representations or warranties by any member companies of Principal.

All guarantees and benefits of an insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them make any representations or guarantees regarding the claims paying ability of the issuing insurance company.

<b>Not FDIC or NCUA insured</b>
<b>May lose value • Not a deposit • No bank or credit union guarantee</b>
<b>Not insured by any Federal government agency</b>

Principal®, Principal Financial Group®, and Principal and the logomark design are registered trademarks of Principal Financial Services, Inc., a Principal Financial Group company, in the United States and are trademarks and service marks of Principal Financial Services, Inc., in various countries around the world.