

Irrevocable life insurance trust

# You're the trustee—now what?

## Trustee checklist

As a trustee, you have an important and critical role—to carry out the terms of the trust. A periodic and thorough trust review is part of your fiduciary responsibility and helps ensure the trust operates according to its terms. So, where should you start? Work with a knowledgeable tax and/or legal advisor to make sure all trust operational, tax, and funding matters are in order. Then, reassess any life insurance policies.

### Checklist to keep life insurance on track

Use this checklist to give each policy a proper review. It can help you ensure the life insurance still meets the trust's objectives and is performing to expectations.

#### Life insurance company suitability

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- |     |    |   |
|-----|----|---|
| Yes | No | Does the issuing insurance company have high marks from primary rating agencies? (e.g., A.M. Best, Fitch, Moody's, Standard & Poor's) |
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#### Policy performance review

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- |     |    |   |
|-----|----|---|
| Yes | No | Have you requested an annual illustration on each policy owned by the trust? <ul style="list-style-type: none"><li>• How does it compare with the original illustration?</li><li>• How does it compare with the most recent illustration?</li></ul> |
| Yes | No | Is the life insurance policy making efficient use of trust assets and contributions?  |
| Yes | No | Are the life insurance policy provisions and features still consistent with the objectives of the trust?  |
| Yes | No | Is the policy's death benefit guaranteed for life? <ul style="list-style-type: none"><li>• If not, how long is the coverage guaranteed?</li><li>• Does the guarantee period meet trust objectives?</li></ul>  |
| Yes | No | If the policy is variable life insurance, is the asset allocation of the policy's sub-accounts consistent with the objectives of the trust?   |
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## Market review

- |     |    |   |
|-----|----|---|
| Yes | No | Are there other life insurance policies or policy types that would better address trust objectives?*            |
| Yes | No | Are there other life insurance policies that would provide the same guaranteed death benefit at a lower cost?*  |
| Yes | No | Are there other life insurance policies that would provide a higher guaranteed death benefit at the same cost?* |

## Other important details to review

**Trust operations.** If “Crummey” powers are being used to qualify trust gifts for the annual gift tax exclusion, are all requirements being met?

**Trust document.** Does it still meet the grantor’s objectives? Are there any technical errors? If problems are found, it is important to get legal advice. In some cases, a transfer to an updated trust may be possible.

 [Learn more](#)

Contact your financial professional.

\* Policy replacement requires consideration of issues such as insurability, surrender costs, contestability, riders, and policy provisions. No existing policy should be canceled until replacement coverage is approved.



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