



Build a lasting legacy for multiple generations

With a Dynasty Trust

Because of the success you've achieved, it's normal to want to protect what you've built for generations to come. Perhaps you're also looking to leverage a tax-efficient approach¹ to preserve as much wealth as possible for your children, grandchildren, and great-grandchildren.

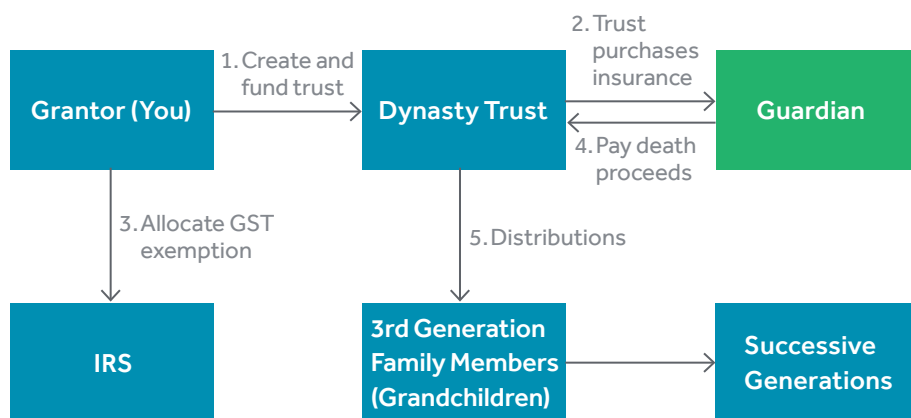
Implementing a Dynasty Trust funded with life insurance can be an option to consider to achieve these goals. It can help you build a legacy for your heirs, while helping to reduce your gift, estate, and Generation Skipping Transfer (GST) taxes.

What is a Dynasty Trust?

A Dynasty Trust enables affluent families to benefit multiple generations with a single transfer of property, and to make distributions to descendants for their needs.

A Dynasty Trust in action

This graphic shows how a Dynasty Trust, funded with permanent life insurance, can work for you and your family.



How does it work?

- With the assistance of your estate planning attorney, you create a multi-generational Dynasty Trust and gift money each year to the trust, in an amount that covers the life insurance that the trust intends to purchase. Your attorney instructs you on how to make the gift in a way that helps ensure that you leverage the available GST tax exemption.
- The trustee of the Dynasty Trust purchases and owns the life insurance on your life and makes the premium payments.



About the Generation Skipping Transfer (GST) tax

At one time in our history, there was no limit to the amount of property that could be left in trust for the benefit of multiple generations of family members. But in 1986, Congress created the GST tax, which greatly reduced the ability to pass unlimited wealth to successive generations (such as when a grandparent gifts directly to a grandchild) without tax consequences.

As of 2022, current law allows for a GST tax exemption amount of \$12.06M. This means you can pass up to \$12.06M (\$24.12M if you're married) to your grandchildren without having to pay the GST tax.

- With the help of your tax advisor, you notify the IRS that you have used some of the GST tax exemption to shield the Dynasty Trust from the GST tax.
- Upon your death, the life insurance proceeds will be paid to the Dynasty Trust.
- The trust assets can continue to be held in trust for the benefit of multiple generations of your family. The assets continue to grow, but the trustee can make distributions to your family members as the trust's beneficiaries. This can continue in perpetuity.

The advantages of a Dynasty Trust

A Dynasty Trust, funded by life insurance, offers you and your family members several advantages:

- **It's far-reaching:** It can help you provide a lasting legacy over multiple generations.
- **It's cost-effective:** This strategy can help reduce your estate taxes (which allows the value of trust assets to grow potentially greater than would have been possible if those assets were passed directly from generation to generation).
- **It provides valuable protection:** The life insurance used to fund the trust can help shield the trust's beneficiaries from the demands of creditors.²

Learn more about what a Dynasty Trust could do for you

Contact a Guardian Financial Professional to explore whether a Dynasty Trust may suit your planning needs — and help you preserve your family's wealth for decades to come.

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² State creditor protection for life insurance policies varies by state. Contact your state's insurance department or consult your legal advisor regarding your individual situation.

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