ESTATE PLANNING

Survivorship Standby Trust (SST)

CONCEPT APPLIED:

Wealthy couples who want flexibility today and protection tomorrow may choose an SST to help mitigate estate tax liability, provide for the surviving spouse, and protect wealth for heirs—all without giving up control while both spouses are alive.

HOW IT WORKS:

A couple establishes an SST but leaves it unfunded. The spouse with the shorter life expectancy owns a survivorship life insurance policy and names the trust as the contingent owner and beneficiary, retaining control and access to the cash value during life.

At the policyowner's death, ownership passes to the irrevocable SST. The trustee can access the cash value to make distributions to the surviving spouse. When the surviving spouse dies, the trust receives the policy proceeds free of income and estate taxes—assets then managed for the benefit of the heirs.

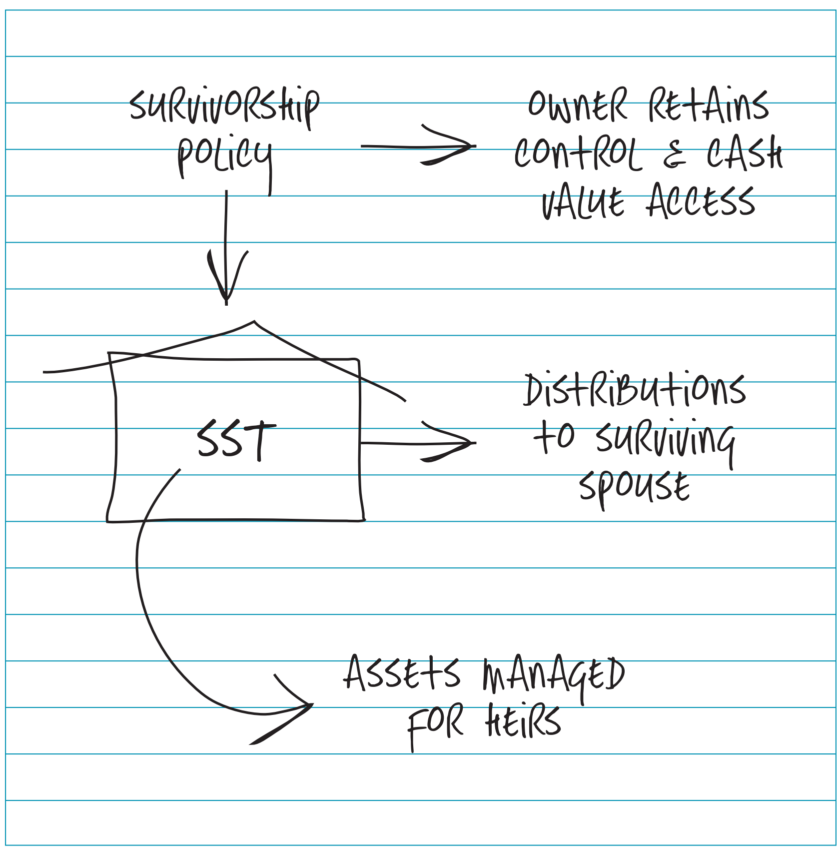
If the policyowner does not die first, the policy can instead be gifted to an irrevocable life insurance trust (ILIT).

WHY IS IT USEFUL?

An SST benefits couples who want to protect the surviving spouse and secure tax-efficient wealth transfer to heirs while retaining flexibility and control.

50 WORDS OR LESS

An SST receives and manages the proceeds from a survivorship (second-to-die) life insurance policy after the insured spouse's death. It provides access to policy cash value while both spouses are alive, tax-free transfer of death benefits, estate liquidity, trust distributions to the surviving spouse, and eventual wealth transfer to heirs.



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