MassMutual
Strategic Distributors

SUCCESS STRATEGIES
Advanced Sales

Use It or Lose It

Leveraging the gift tax exemption before it expires in 2026!

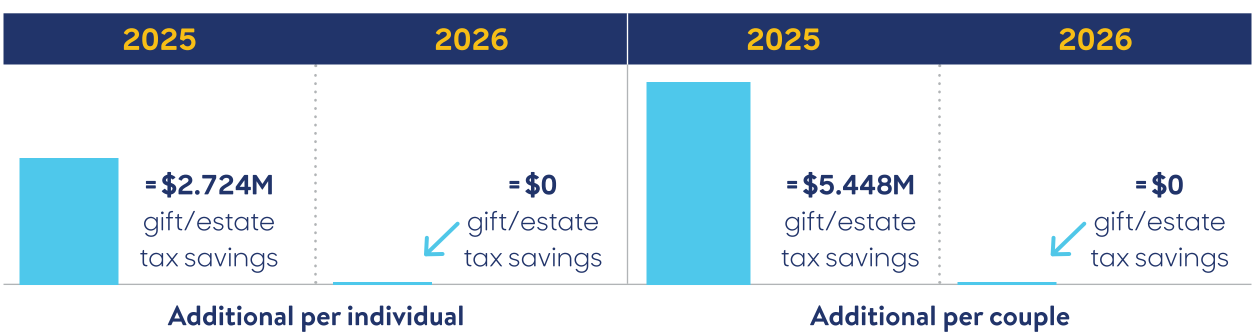
Background: The 2017 Tax Act temporarily increased the total amount that individuals and couples can transfer to heirs, during lifetime and/or at death. The combined estate and gift tax-free amount in 2024 is $13,610,000 per individual, or $27,220,000 per married couple. The exemption amounts are indexed annually for inflation. However, the increased exemptions ***are due to expire in 2026***, when they revert to their 2017 level, roughly $6,800,000+ per individual, or $13,600,000+ per couple, subject to retroactive adjustments for inflation.

ESTATE AND GIFT TAX EXEMPTION AMOUNT AVAILABLE:

TODAY through 2025	2026 and LATER
$13,610,000/Individual **$27,220,000/Couple**	Approximate, with assumed inflation adjustment **$6,800,000/Individual** **$13,600,000/Couple**

Use it or lose it: Therefore, under current law, a wealthy individual can give away (either during lifetime and/or at death) approximately **$6,810,000 more** without gift taxes through 2025 than they can give away in 2026 or later. Wealthy couples can give away roughly **$13,620,000 more**.

Additional estate/gift tax-free transfer available[1] to heirs if death occurs in:



[1] The additional estate/gift tax-free exemption amounts available through 2025 are approximate amounts based on what they are today and what they were prior to the 2017 Tax Act, adjusted for inflation. The current top estate tax rate is 40% and is used to calculate the approximate estate/gift tax savings available through 2025. The estate/gift exemption amounts are in addition to the annual gift tax exclusion of $18,000 (in 2024) that any individual can make annually to any number of people.

Life Insurance

Example: By leveraging all or a portion of the additional $6.810M per individual available with whole life insurance — before it expires in 2026 — potentially more can be transferred to heirs free of gift tax. When life insurance is owned by a properly drafted Irrevocable Life Insurance Trust (ILIT), the death proceeds are transferred to heirs free of estate taxes. An added benefit of a whole life policy is the policy's significant cash value accumulation that can be accessed by a trustee to make distributions to trust beneficiaries.[1] Unlike some permanent policies, the cash value of a whole life insurance policy can be used to exit a privately financed premium payment plan.

What happens if death occurs in 2025 vs. 2026? Chart A below considers how much more heirs receive if the entire $6.810M additional gift tax exemption amount is allocated toward lifetime gifts of life insurance premium prior to 2026, as compared to making no gifts at all.

CHART A: THE DIFFERENCE A YEAR MAKES — 2025 VS. 2026

	Make no lifetime gifts of life insurance today	**Make premium gifts to fund life insurance** today	**Advantage: Life Insurance**
Additional tax-free transfer to heirs if death occurs in 2025 (beginning of year) *(**If death occurs in 2025,** there is an additional $6.810M exemption that can be applied on the estate tax return, assuming no lifetime gifts are made before 2026.)*	**$6.810M**	**$20M**	**+13.19M**
Additional tax-free transfer to heirs if death occurs in 2026 (beginning of year) *(**If death occurs in 2026 or later,** the additional $6.810M exemption can no longer be used on the estate tax return.)*	**$0**	**$20M**	**+20M**

Chart A assumes a Whole Life 65 policy including 50% LISR[2] with an initial face amount of $20M on a Female, Age 58, Ultra Preferred Non-Tobacco risk class. The annual premium is $1,119,861 for 7 years. Assumes a gift of $6.810M is made to an irrevocable trust today to pay annual premium, with a zero balance by year 7 based on 4.97% growth. Refer to the **basic illustration** for assumptions, explanations, guaranteed elements, and additional information.

Contact Advanced Sales at **1-800-601-9983 Option #2**
or email **MMSDAdvancedSales@MassMutual.com**

[1] The illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, that have been applied to purchase paid-up additions based on the 2024 dividend schedule. The dividend schedule is reviewed annually, and it is likely that dividends in future years will be lower or higher depending on the Company's actual experience. For this reason, we strongly recommend that you look at a lower dividend schedule illustration. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

[2] The LISR rider blends in one-year term coverage with the base coverage to lower the annual premium cost. Over time, the term amount is converted to paid-up additional whole life insurance using annual dividends, which are not guaranteed.

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