

New York Trust University



Irrevocable Life Insurance Trust:

Couple ages 60 and 61, were divorcing after 36 years of marriage and the wife, who had been known, to have been the family support while her husband attended medical school, wanted to be treated fairly.

The case stipulated that the wife was to receive a certain amount every month for maintenance and a portion of the husband's retirement plan.

The Solution:

The broker recommended that the wife request the establishing of an Irrevocable Life Insurance Trust, for her benefit, and paid by her husband with a one-time premium.

An ILIT cannot have the beneficiary changed once it is completed. Nor can the donor of the cash (the husband) access the policy in any manner.

The court ordered that the husband contribute a one-time payment of \$350,000 to the ILIT that purchased \$2.6M of life insurance on him.

The broker earned \$41,700.