

# Treat children fairly, regardless of their business involvement

Estate equalization is useful when a business owner wants to treat their children fairly but may not be able to do so equally.

Here's how it works. The owner gifts the business to a child who wishes to continue the business and will succeed as the owner at death.

The rest of the assets will then be split among the other children. Since a large amount of the estate will go to the one child, the owner can equalize the estate by owning a policy individually or by placing a life insurance policy in an irrevocable life insurance trust (ILIT) and naming the remaining children as beneficiaries of the trust.

**Estate equalization is an ideal strategy for:**



Business  
owners



Farmers and  
ranchers

## Benefits

- Business is in the estate until the death of the parents
- Successor child receives a full step-up in basis in the business

## Considerations

- Estate tax ramifications because the operation is within the parent's estate
- Parent will need to pay (and possibly gift) the premiums

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**No matter where you are in life's journey, let's make it epic.**

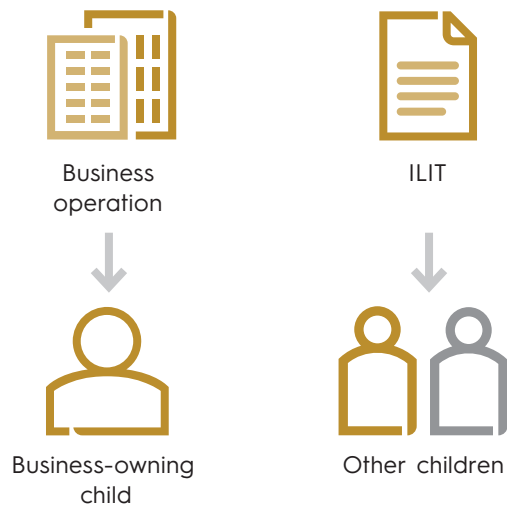
Standing for estate planning, individually centered, the EPIC approach to estate planning will help you plan for what's next - and you can begin the important work of leaving your legacy.

Beginning with focusing on you and your wishes, EPIC will help you inventory assets, define your goals and aspirations, and ultimately align your estate plan to achieve those goals.

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## How estate equalization works:

- Parent (and spouse) bequeath the business to the successor child upon the death of both spouses
- Parent then sets up a life insurance arrangement or ILIT for the benefit of the other children. The arrangement or ILIT is typically funded with a second-to-die life insurance policy.



### Learn more

Want to preserve your legacy with estate equalization? Talk to your financial professional for help customizing a life insurance solution for your estate.



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