

life insurance trusts



Life Insurance Trusts can be a vital part of a family's estate plan. These trusts can help avoid probate, minimize estate tax liability, and provide assurance that the policy proceeds will be managed in the manner you choose. While Life Insurance Trusts can be a powerful tool, it is very important that the form of the trust be strictly followed. It is wise to use an experienced trustee to ensure that the trust is set up and operated properly.

Initially, a trust is created with an individual, or an individual and his/her spouse, as the grantor(s). That person, or those people, must undergo the required application process including possible medical testing for the issuance of the insurance policy.

Secondly, the insurance policy is purchased by a trustee, such as Lake Elmo Bank. The trust is named as the owner and sole beneficiary of the policy. The insurance premiums must be paid by the trustee. Upon the death of the insured, the life insurance policy pays directly into the trust, thereby avoiding probate, and can be administered according to the terms of the trust.

If you would like more information on Life Insurance Trusts, contact a Lake Elmo Bank Trust Department Representative at 651.773.4420.

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