Life

ADVANCED MARKETS

MIDLAND NATIONAL®
A Sammons Financial Company

Midland National® Life Insurance Company

One Big Beautiful Bill Act (H.R.1)

New law. Time-tested strategies.

Five ways life insurance can be used to leverage the tax law changes

These five planning approaches position you as the professional your clients need - today and tomorrow.

Take advantage of estate planning predictability with the new law

With the $15 million inflation-indexed federal estate and gift tax exemption now codified into law, help clients act with time-tested strategies.[1] A will is just one piece of the puzzle, and many estate-planning needs still come down to liquidity. A life insurance death benefit can offer cash to retire debt, replace income, bolster retirement funding, equalize inheritances and protect a business. Consider: irrevocable life insurance trusts (**ILITs**) to provide estate liquidity; spousal lifetime access trusts (**SLATs**) to shift growth out of the estate while preserving access through a spouse; and intentionally defective grantor trusts (**IDGTs**) to freeze estate values as the grantor pays the income tax.

Prepare clients for state-level estate and inheritance taxes using life insurance— often with lower exemptions — through domicile reviews, asset titling, lifetime transfers, and liquidity planning.

After-tax cash flow options

Pass-through owners are maintaining economic parity with C corporations and now more predictable after tax-cash flow after H.R. 1[2]. With that stability, clients can address previously overlooked business and personal goals. They can also fund supplemental income and executive benefit arrangements, including **executive bonus plans, split-dollar arrangements using life insurance** and **nonqualified deferred compensation** (NQDC), as well as trust based planning through ILITs and SLATs.

Tax rules tighten on nonprofit executive pay

With the tax on tax exempt executive compensation now covering more top employees after H.R. 1[3], traditional **executive benefit packages** face greater scrutiny. Nonprofits can still compete by **split dollar arrangements using life insurance** — either loan or endorsement split dollar structures — to redesign executive packages, limit taxable compensation, and help attract top talent.

Tax rules adjusted for smaller companies

Small and mid-sized companies are operating in a more favorable environment after the One Big Beautiful Bill Act[4], with stronger near-term cash flow that can be directed to supplemental income plans, **executive bonus, split-dollar** arrangements using life insurance, **nonqualified deferred compensation (NQDC)**, and funding for buy-sell agreements.

Top federal income tax frozen

For high earners, a 37% top rate and clarified State & Local Taxes (SALT) rules in H.R. 1 create a lower than expected tax environment and greater predictability[5]. This opens room for advanced planning approaches using life insurance, such as **Roth conversions** to shift growth into tax free accounts and estate freeze techniques to lock in values and move future appreciation out of the estate.

Partner with us on your next case to put life insurance to work foryour clients!

See how our underwriting can make a difference.

Contact your Midland National RDP today.

1. 26 U.S. Code § 2020 – U.S. Government Publishing Office. https://www.govinfo.gov/content/pkg/USCODE-2020-title26/html/USCODE-2020-title26-subtitleB-chap11-subchapA-partII-sec2010.htm
2. Senate Amendment to H.R. 1, 199A -- https://www.govinfo.gov/content/pkg/BILLS-119hr1eas/pdf/BILLS-119hr1eas.pdf
3. Senate Amendment to H.R. 1, Section 4960 -- https://www.govinfo.gov/content/pkg/BILLS-119hr1eas/pdf/BILLS-119hr1eas.pdf
4. H.R. 1, Section 179 -- https://www.congress.gov/bill/119th-congress/house-bill/1/text/enr
5.Senate Amendment to H.R. 1, Section 1(j) and 164(b)(6) -- https://www.govinfo.gov/content/pkg/BILLS-119hr1eas/pdf/BILLS-119hr1eas.pdf\