

## ESTATE PLANNING

# Family Limited Partnership (FLP) Family Limited Liability Company (FLLC)

### CONCEPT APPLIED:

FLPs or FLLCs let individuals and families pass on large assets—real estate, a business or farm, a valuable art collection—by annually gifting partial ownership interests to another generation, while allowing the owners to retain management control.

### HOW IT WORKS:

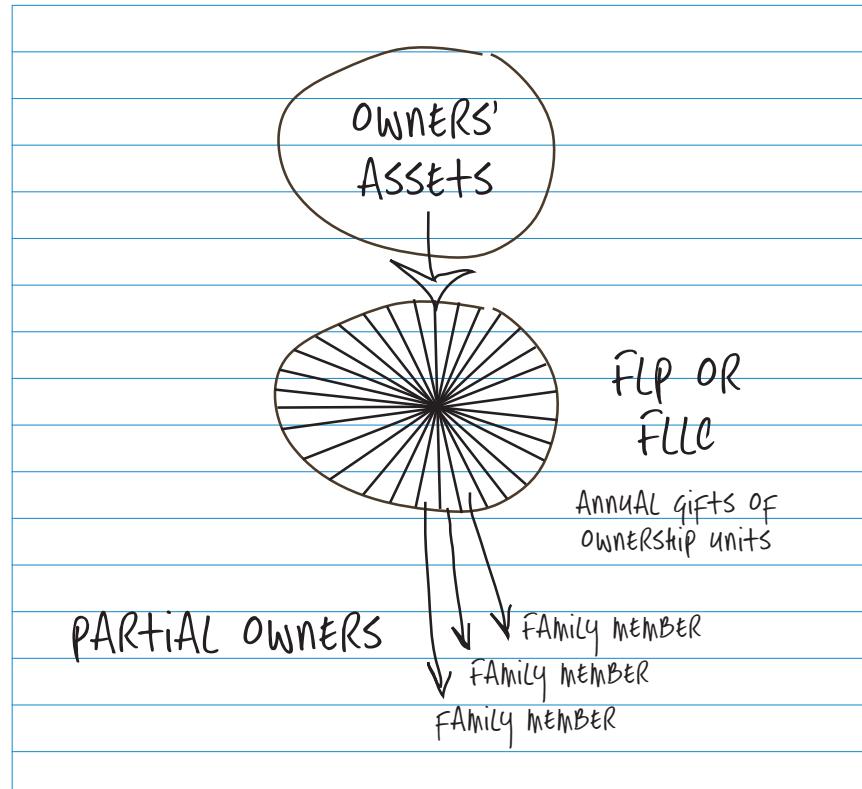
Owners create an FLP or FLLC and transfer assets to the new entity. Over time, they gift non-controlling portions of the ownership units of the FLP or FLLC to family members. These gifts qualify for the annual gift tax exclusion and valuation discounts (since they lack marketability and control). The biggest difference between the FLP and the FLLC is asset protection. Generally, protection may be available to all members in an FLLC, but is only available to limited partners in a FLP.

### WHY IS IT USEFUL?

FLPs and FLLCs both: (1) preserve and transfer wealth; (2) limit gift and estate taxes; (3) provide asset protection; and (4) provide overall planning flexibility. In a family business, an FLP or FLLC can split business income between family members in lower tax brackets and facilitate succession.

### 50 WORDS OR LESS

FLPs and FLLCs are business entities formed under state law and used for estate planning and wealth management. Owners can gradually transfer a business interest to family members, using the annual gift tax exclusion and valuation discounts.



Copyright 2026, PGI Partners, Inc., 921 East 86th Street, Suite 100, Indianapolis, Indiana 46240. All rights reserved.

Sammons Financial® is the marketing name for Sammons® Financial Group, Inc.'s member companies, including Midland National® Life Insurance Company. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, Midland National Life Insurance Company.

PGI Partners, Inc. is an independent third-party company and is not affiliated with Midland National® Life Insurance Company.

While the primary use of life insurance is death benefit protection, you may also have other needs that can be met through life insurance. Please note that Midland National does not require its agents to use any of these sales concepts.

Neither Midland National nor its agents give tax or legal advice. Consumers are advised to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements. Estate planning is a complex legal process and should be done in collaboration with an attorney, accountant, and trust officers, etc. Trusts should be drafted only by an attorney familiar with such matters.