



Beyond Annuities:
Approach client estate planning
with confidence

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Annuities can provide valuable income and security for your clients and their loved ones, but without proper planning, these benefits may be diminished by taxes, delays or unintended distribution outcomes.

That's why estate planning is an important step in securing your clients' legacies. It helps ensure that their assets are distributed according to their wishes, may reduce potential conflicts among family members, and can even minimize taxes and legal complications.

Unfortunately, many Americans struggle to act when it comes to estate planning. Some find it overwhelming, others avoid it, and some have simply never considered it.

That's where you come in. As a financial professional, you are uniquely positioned to initiate conversations with your clients about the often-complex topic of estate planning and can help educate them on the benefits of building an estate plan.

In this guide, we'll explore the role you can play in educating your clients and facilitating their working with an estate planning attorney to build a thoughtful, comprehensive plan.



Talk through the benefits of estate planning

Your clients' legacies are worth protecting, regardless of their net worth. Without careful planning, a significant portion of their estate could be eaten up by taxes, tied up in probate court or distributed to people other than their intended recipients.

By creating an estate plan, your clients can:



Build and protect their legacy



Minimize expenses, taxes and probate costs



Control how, when and to whom their assets are distributed



Protect their privacy and ensure their wishes are carried out

Gather insights through thoughtful, introspective conversation

Once your clients understand how an estate plan can benefit them, the next step is to gather insights around key areas of estate planning. You'll want to gather some functional information (such as current beneficiary designations), but you'll also want to get clients thinking more deeply about what they want their legacy to look like, while also helping them feel at ease and empowered to make decisions about their future.

Consider prompting them with the following questions, designed to elicit not only the basics, but also to help clients reflect on their values and how they want to incorporate those values into their legacy.

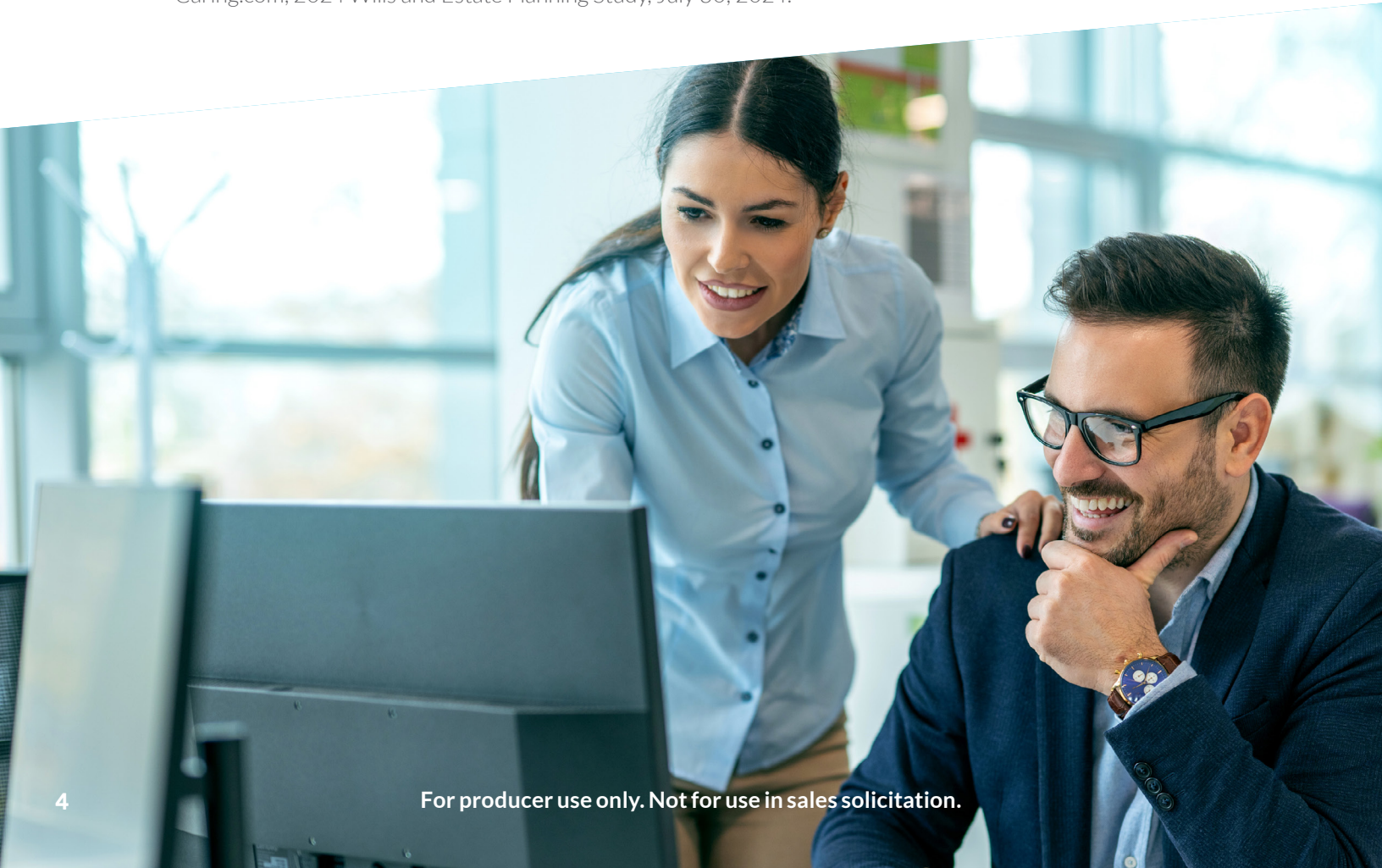
- 1. Who would you like to inherit your assets? Are your current beneficiary designations in line with your wishes?**
- 2. Who would you like to make medical and non-medical decisions on your behalf if you lack capacity?**
- 3. What would life look like for your loved ones in the event of your passing? What would you like to happen in that event?**
- 4. How would you like to be remembered by family, friends and colleagues?**
- 5. What do you want your legacy to achieve for your family and loved ones?**
- 6. What kind of impact do you want your legacy to have on your community?**
- 7. How do you want your legacy to live on after your death?**

Involve other key players

Discussing estate planning with only one contact within a client's family can hinder a smooth execution of the plan upon a client's passing. Research indicates that many wills are discovered only after a person dies, and only 46% of people were aware that they were designated as a personal representative prior to that time.¹ Without intentional inclusion, clients' children can be left on the sidelines of important conversations.

Involving clients' spouses, children and personal representatives in these conversations ensures that everyone is well informed, minimizes confusion and allows for transparency in how clients want their assets handled. Additionally, doing so can help you build relationships with prospective clients and expand your business.

¹ Caring.com, 2024 Wills and Estate Planning Study, July 30, 2024.



Consider alternative tools for wealth transfer

When thoughtfully designed and properly executed, an estate plan can benefit your clients and their loved ones. You can prompt your clients to think about their legacies and help inform them about some of the tools available to grow, protect, and ultimately pass on their wealth. That way, they will be better prepared when they begin working with an estate planning attorney.

Here are a few tools for your clients to consider.

- **Spousal Lifetime Access Trust (SLAT):** One way to reduce expected estate taxes is to gift assets such that they will not be part of the giftor's future estate. A SLAT may be used for this purpose while allowing the giftor's spouse to access the gifted assets.
- **Credit Shelter Trust (CST):** This tool can be used by a married couple to preserve the unified credit of the spouse who dies first. How to structure a CST will depend on several factors, including the expected needs of the surviving spouse, the likelihood that the surviving spouse's estate will be subject to estate taxes, and who the married couple choose to receive any remaining trust assets at the second death.
- **Charitable Remainder Trust (CRT):** A CRT can provide increased cash flow, additional retirement security, and tax benefits, all while effectuating a charitable intent. With a CRT, assets (typically highly appreciated ones, such as stocks or real estate) are converted into income for life or a specified number of years, and the remainder interest benefits a charity.
- **Stretch (or Legacy) Annuity:** With a stretch annuity, a beneficiary can extend tax deferral and possibly reduce total taxes paid.
- **Trust-Owned Annuity:** If properly structured, a trust-owned annuity can defer taxes. Upon dissolution of that trust, a trust beneficiary may take ownership of the annuity without a taxable event.

Facilitate outside expertise

Your clients must work with an estate planning attorney to create an estate plan. However, you may be the first point of contact, and some clients may not have an estate planning attorney. Taking the lead in facilitating these connections and conversations can have the following benefits:

- **Offer a customized approach:** involving an estate planning attorney and other professionals can help ensure that your client's questions are answered and that their estate plans are consistent with their wishes.
- **Create a referral network:** clients appreciate financial professionals who go above and beyond to provide support in areas outside of their financial portfolio. Taking the lead on facilitating conversations around estate planning and engaging outside experts can help position you as a holistic wealth advisor and may lead to future referrals.

Keep the conversation going

Once a plan is in place, remind clients that they should revisit their estate plan with their estate planning attorney on a regular basis. Reviewing and updating their plan increases the likelihood that it will remain effective, continue to align with their evolving circumstances and ensure compliance with changing laws and regulations. Some best practices to ensure ongoing conversations with your clients include scheduling regular check-ins to discuss changes that may warrant updates to their plan, and encouraging clients to use milestones such as birth, death, marriage and divorce as reminders to revisit their plan with their attorney and initiate changes as needed.



As a financial professional, you can help educate your clients about the importance of estate planning, and refer them to estate planning attorneys who can effectuate their estate plans. This benefits your clients and their loved ones while also helping you retain and grow your business. Learn more and start using our MassMutual Ascend resources at MMAscendConnect.com/BeyondAnnuities



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