A Checklist for ILIT Trustees

RETIREMENT | INVESTMENTS | INSURANCE

VOYA FINANCIAL™

Trust Owned Life Insurance:

A Checklist for ILIT Trustees

Trustees have a fiduciary duty to manage the assets in a trust for the best interests of the beneficiaries. That's why each state has laws that establish standards trustees must follow when managing a trust's assets. A trustee who doesn't meet these standards can be held personally responsible for trust losses.

To reduce the risk of personal liability and maximize the benefits for the beneficiaries, trustees need to:

- Understand the objectives and terms of the trust
- Develop a reasonable investment strategy
- Adopt a written Investment Policy Statement (IPS)
- Implement the strategy with appropriate financial products
- Regularly review policies and investments
- Make changes as needed.

These procedure guidelines and checklist are designed to help trustees meet their fiduciary duties.

I. Monitor Performance of Life Insurance Policy

(These procedures may be part of the trust's Investment Policy Statement)

- [ ] Review inforce policy illustrations
- [ ] Compare inforce illustrations to the original illustration when policy was purchased
- [ ] Compare to previous years' inforce illustrations to determine performance trends
- [ ] Analyze policy performance to date and estimate likely performance in the future
- [ ] Review the current ratings of the insurer; note any changes since last review
- [ ] Complete and submit an application for one or more new policies from an insurer whose ratings meet the standards in the Investment Policy Statement
- [ ] Compare the projected premiums, death benefits, cash surrender values and provisions of the current policy and any new policy(ies) applied for
- [ ] Assess the competitiveness of the current policy with the potential new policy
- [ ] Add, subtract or exchange policies owned by the trust as needed
- [ ] Document all actions made in this review process
- [ ] Re-evaluate all trust-owned policies every two years.

II. Checklist: Information about the Trust

(Consult the grantor, the attorney who drafted the trust as well as other professionals.)

- ☐ Objectives of the Trust: ____________________
  - How long is the trust likely to last?____________________
- ☐ Who are the trust's beneficiaries?
  - Primary beneficiaries: ____________________
  - Secondary or contingent beneficiaries: ____________________
  - Discretionary beneficiaries: ____________________
- ☐ What actions are required of the trustee?

  ____
- ☐ What does the trust say about life insurance?

  ____
- ☐ What does the trust say about diversification?

  ____
- ☐ Contributions to the trust:
  - Amount of original contribution $____________________
  - Total contributions to date $____________________ Source: gifts, loans, other
  - Size of projected additional contributions $____________________
  - Timing of projected additional contributions ____________________
- ☐ Estimated timing and amounts of distributions:
  - Primary beneficiaries: ____________________
  - Secondary or contingent beneficiaries: ____________________
- ☐ Provisions for trustee succession:
  - First successor: ____________________
  - Second successor: ____________________
- ☐ Observations or concerns about the trust:

  ____

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