



Maximize the Value of Your Estate *with permanent life insurance from Northwestern Mutual* *An Opportunity for 2011 and 2012*

On December 17, 2010, President Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Most notably, this legislation increases the amount each person can give during life or at death without federal gift or estate tax to \$5 million* for 2011 and \$5.12 million for 2012.

On December 31, 2012, the gift and estate tax rules are scheduled to “sunset” and return to 2001 levels, including a \$1 million gift and estate tax exemption and a 55% maximum gift and estate tax rate. In other words, the opportunity to make larger gifts without federal gift tax is scheduled to disappear after 2012.

Combining a large gift in 2011 and 2012 with permanent life insurance from Northwestern Mutual can create leverage to make that gift even more powerful, including:

1. A larger amount passing to beneficiaries.
2. An income and estate tax free benefit to beneficiaries.
3. Increased flexibility of an estate plan through the policy’s cash value held in a trust that allows the trustee to use the cash value for the trust beneficiaries.
4. The certainty of a death benefit as part of an estate plan.

AN EXAMPLE

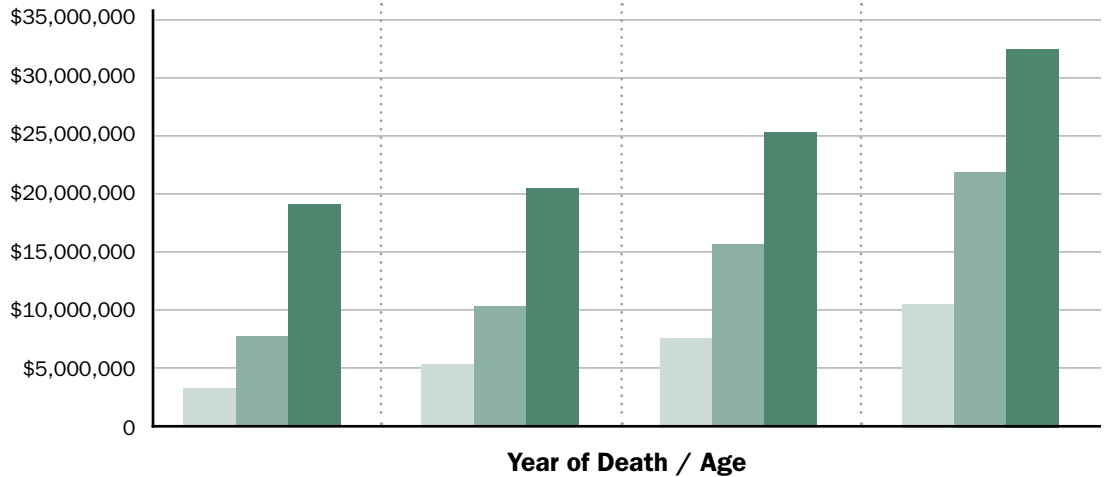
Jack and Sarah, age 60, have a net worth of \$30 million. Their estate planning objectives are to pass as much as possible to their children and to pay any estate tax as efficiently as possible. After hearing about the increased gift tax exemption available for 2011 and 2012, Jack and Sarah are interested in making a significant gift.

Jack and Sarah are considering a gift of \$6 million as part of their estate planning. The following example shows the benefits of making gifts and purchasing life insurance in their irrevocable trust. Jack and Sarah are comparing three alternatives:

1. No gift. Keep the \$6 million of assets in their estate and pass them to their beneficiaries at death, subject to estate tax.
2. Make a \$6 million gift to the trust where the trustee invests the gift and earns a net return of 4%.
3. Make a \$6 million gift to the trust where the trustee uses the gift over several years to purchase a Northwestern Mutual Survivorship CompLife policy, which pays a death benefit after the surviving spouse dies.

* Exemption amounts are indexed for inflation: gift, estate and generation-skipping transfer tax exemption amounts are \$5,120,000 for 2012.

COMPARISON OF 3 ALTERNATIVES - AMOUNT \$6M GENERATES FOR THE BENEFICIARIES



	5 / 65	15 / 75	25 / 85	35 / 95
No Gift	\$3,834,963	\$5,412,547	\$7,747,758	\$11,204,440
\$6M Gift to Trust without Life Insurance	\$7,299,917	\$10,805,661	\$15,995,018	\$23,676,534
\$6M Gift to Trust with Life Insurance	\$19,169,228	\$21,140,363	\$25,515,187	\$33,322,194

Assumptions:

- Estate tax exemption for all assumed years of death is \$1 million with a 55% tax rate.
- All assets earn a 4% return net of income tax.
- "Life insurance" scenario assumes the trust purchases a \$16.1M Survivorship CompLife policy on Jack and Sarah (both age 60, premier and non-tobacco) and the current 2011 dividend scale for all years. Policy is designed to have a total of \$6 million of premium paid over seven years.

THE IMPORTANCE OF CASH VALUE

The policy's cash value grows tax deferred. In addition, Jack and Sarah's estate planning attorney drafts the trust so that the trustee can use the policy's cash value for the trust beneficiaries. The chart to the right shows the amount of cash value in the life insurance policy assuming a \$6 million gift. The values assume current 2011 dividend scale for all years.

	Cash Value
Year / Age	\$6M Gift and Purchase of SCL Policy
5 / 65	\$4,337,421
15 / 75	\$9,928,446
25 / 85	\$17,082,568
35 / 95	\$26,432,419

NEXT STEPS

It is important to work with your estate planning attorney in evaluating lifetime gifts, including the possibility that a portion of the gift may be included in your estate. Please contact your Northwestern Mutual Financial Representative to discuss your estate planning objectives.

The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) (life insurance, annuities, and disability insurance). Representatives are agents of NM.

www.northwesternmutual.com