

Sample Single Life Irrevocable Life Insurance Trust With Letter To Client And Crummey Notices

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is with Williams Mullen in Richmond, Virginia.

The [Grantor] Irrevocable Trust Agreement

(Insurance Policy on Single Life)

I, [GRANTOR], of the _____, Virginia, make this Irrevocable Trust Agreement dated _____ with [TRUSTEE] as the initial Trustee.

Article I. Family.

I am married to [SPOUSE] ("my [wife/husband]"). I have _____ children, [CHILDREN] ("my children").

Article II. Creation of Trust.

A. *Creation of Trust.* I have transferred to the Trustee the assets listed on the attached Schedule. The Trustee shall hold all assets received in trust under the terms of this agreement.

B. *Life Insurance.* During my lifetime and subject to the provisions of Article VII, the Trustee may apply for, purchase and maintain insurance on my life in such amounts and having such terms as the Trustee may deem appropriate. The Trustee may retain any life insurance policy without liability to any beneficiary, whether or not such policy is considered a proper investment under the prudent investor standard for fiduciary investments, produces income or represents an overconcentration in one investment. ***The Trustee may pay the premiums for any insurance policies held in trust only from the principal (excluding capital gains) of the trust.***

The Trustee may pay the premiums for any insurance policies held in trust from the income or capital gains of the trust.

C. *Life Insurance Advisor.* The Trustee may rely upon the advice of a professional

life insurance advisor in the design and funding of any life insurance policy to be purchased and maintained by the Trustee. The Trustee shall have no duty to inquire into the financial status of any insurer recommended by such advisor. The Trustee shall have no duty to monitor the investment performance of any life insurance policy held by the Trustee or the financial performance of the insurer of any such policy. The Trustee may rely upon the recommendations and advice of the life insurance advisor without liability to any beneficiary.

D. *During My Lifetime.* During my lifetime and subject to the provisions of Article VII, the Trustee may pay to or for the benefit of any of my children as much of the net income or principal of the trust as the Trustee may deem appropriate for the support, health, maintenance, and education of my children.

E. *Disposition at My Death.* If my [wife/husband] survives me, the Trustee shall divide the assets held at my death and any other assets received by the Trustee by reason of my death into the Marital Trust and the Family Trust. The Marital Trust shall consist of all trust assets that are included in my gross estate for federal estate tax purposes, if any. The Family Trust shall consist of the remaining trust assets. If my [wife/husband] does not survive me, all such assets shall constitute the Family Trust. The Trustee shall administer the Marital Trust and the Family Trust as directed in Articles III and IV, respectively.

Article III. Marital Trust.

A. *During My [Wife/Husband]'s Lifetime.* The Trustee shall pay the net income of the Marital Trust to my [wife/husband] during [her/his] lifetime in quarterly or more frequent installments and may pay to my [wife/husband] as much of the principal as the Trustee may deem necessary for [her/his] support, health, and maintenance.

B. *Withdrawal Rights.* My [wife/husband] may direct the Trustee in writing at any time during a calendar year (including the year of my death) to distribute to my [wife/husband] from the principal of the Marital Trust a sum or sums not to exceed \$5,000 in the aggregate for that calendar year. In addition, my [wife/husband] may direct the Trustee in writing at any time during the month of December of any calendar year (excluding the year of my death) to distribute to my [wife/husband] from the principal of the Marital Trust a sum or sums not to exceed in the aggregate the amount by which five percent (5%) of the principal determined as of the first day of that year exceeds \$5,000. The withdrawal rights shall not be cumulative from year to year.

C. *Distributions at My [Wife/Husband]'s Death.* At my [wife/husband]'s death the Trustee shall distribute to my [wife/husband]'s estate any accrued or undistributed income of the Marital Trust and the sum needed to pay taxes

attributable to the Marital Trust as later provided. The Trustee shall distribute the remaining principal of the Marital Trust as my [wife/husband] may appoint by specific reference to this limited power in my [wife/husband]'s will. My [wife/husband] may only appoint to or among any one or more of my descendants and any charitable organizations, and my [wife/husband] may appoint outright, to a custodian or to a trustee to be held in further lawful trust, including a trust for the benefit of descendants and charitable organizations or a trust under Article V. At my [wife/husband]'s death the Trustee shall add the remaining and unappointed principal to the Family Trust.

Article IV. Family Trust.

A. *During My [Wife/Husband]'s Lifetime.* The Trustee shall pay the net income of the Family Trust to my [wife/husband] during [her/his] lifetime in quarterly or more frequent installments and may pay to my [wife/husband] as much of the principal as the Trustee may deem necessary for [her/his] support, health, and maintenance. The Trustee may pay to or for the benefit of any of my children as much of the principal as the Trustee may deem necessary for their support, health and education.

B. *Distribution at Survivor's Death.* At the death of the survivor of my [wife/husband] and me, the Trustee shall divide the principal and any undistributed income of the Family Trust (including any assets received at my [wife/husband]'s death) into equal shares, one share for each of my children who is then living and one share of each of my children who is deceased having a descendant then living. The Trustee shall distribute the share of any deceased child to the child's then living descendants, *per stirpes*. The Trustee shall distribute the share of any living child who has reached age thirty-five to the child outright. The Trustee shall retain the share of any living child who has not reached age thirty-five in a separate trust to be administered as directed in Article V.

Article V. Child's Trust.

A. *Trust Payments.* The Trustee shall pay the net income of the trust to the child in quarterly or more frequent installments and may pay to or for the benefit of the child as much of the principal as the Trustee may deem necessary for the child's support, health and education.

B. *Partial Distributions.* When the child reaches the age of twenty-five (or upon the funding of the child's trust if the child has reached that age), the Trustee shall distribute one-third of the principal, as of the distribution date, to the child and shall distribute to the child one-third of any subsequent addition to the trust. When the child reaches the age of thirty (or upon the funding of the child's trust if the child has reached that age), the Trustee shall distribute one-half of the principal,

as of the distribution date, to the child (after having distributed to the child one-third of the principal if the child shall not have had such one-third distributed as provided above) and shall distribute to the child one-half of any subsequent addition to the trust.

C. *Termination of Child's Trust.* When the child reaches age thirty-five, the Trustee shall distribute the remaining principal and any undistributed income of the trust to the child. Subject to the provisions of Article X(J), if the child dies before reaching that age, the Trustee shall distribute the principal and any undistributed income to the child's then living descendants, *per stirpes*, or if there are none, to my then living descendants, *per stirpes*; provided, the share that would pass to any other child of mine who has not reached age thirty-five shall be added to such child's separate trust.

Article VI. Provisions for Grandchild.

A. *Grandchild's Trust.* Whenever any trust payment or other interest in any trust vests in a grandchild or other beneficiary under age twenty-five, the Trustee may hold the interest in trust. Until the beneficiary reaches age twenty-one, the Trustee may pay to or for the benefit of the beneficiary as much of the net income or principal of the trust as the Trustee may deem necessary for the beneficiary's support, health and education. After the beneficiary reaches age twenty-one, the Trustee shall pay the net income of the trust to the beneficiary in quarterly or more frequent installments and may pay to or for the benefit of the beneficiary as much of the principal of the trust as the Trustee may deem necessary for the beneficiary's support, health and education. When the beneficiary reaches age twenty-five, the Trustee shall distribute the trust assets to the beneficiary. If the beneficiary dies before reaching that age, the Trustee shall distribute the trust assets to the beneficiary's estate.

B. *Custodial Accounts.* The Trustee may distribute any interest vesting in a beneficiary under age twenty-one to a custodian under the Virginia Uniform Transfers to Minors Act (21) selected by the Trustee. The Trustee may distribute any interest vesting in an incapacitated beneficiary to a custodian under the Virginia Uniform Custodial Trust Act selected by the Trustee.

Article VII. Right to Withdraw Trust Assets.

A. *Withdrawal Right.* Whenever a donation is made to the trust during my lifetime by me or any other person other than by will (including my initial donation creating the trust) and the donor does not otherwise advise the Trustee in writing at the time, my [wife/husband] shall have the right to withdraw the assets so donated; provided, however, that the aggregate amount that may be withdrawn by my [wife/husband] in any one