



## **MEG Financial Stresses the Importance of Life Insurance in Estate Planning: You May Not Be As Lucky As George Steinbrenner**

*MEG Financial, a nationwide specialty life, disability and estate planning insurance agency comments on the death of George Steinbrenner and how he escaped paying federal estate taxes.*

Pensacola, FL (Vocus) July 29, 2010 -- MEG Financial, a leading online provider of [life insurance and estate planning](#) emphasizes the need for high net worth individuals to plan for future estate taxes.

The recent death of New York Yankee owner and icon George Steinbrenner should be a wake up call to anyone with a significant estate value with future federal estate tax exposure. Fortunately for Mr. Steinbrenner, his death on July 13th came six months after the federal estate tax expired. Forbes magazine had previously estimated Mr. Steinbrenner's net worth at over \$1 billion. With the expiration of the federal estate tax in 2010, the timing of his death will likely save his heirs in excess of \$500 million in federal estate taxes. Yes, he was ultimately successful in business and you could say from a financial point of view that he picked the right time to die.

### **How Will the Federal Estate Tax Affect You?**

Well, if you die in 2010, you will be like Mr. Steinbrenner and avoid the punitive federal estate tax. However, the federal estate tax is coming back in January 2011 and will affect all estates over \$1 million. In fact, the maximum federal estate tax rates could be 55% of your entire net worth that exceeds \$1 million. Don't get caught off guard with no plan!

MEG Financial President and CEO Michael Gray, Jr states "these days, it is not that hard to amass an estate that exceeds the \$1 million exemption and at the scheduled rates for 2011 many families will be dramatically affected."

### **No One Knows Where the Federal Estate Tax Rates and Exemptions Are Heading**

The inactivity of Congress with respect to the federal estate tax is cause for alarm. It was widely felt among tax planners and estate planning attorneys that the federal estate tax exemption for 2011 would be set at a much higher level, say \$3.5 million or even up to \$5 million. But the state of the economy and the shortfall of federal revenues may mean that the exemption remains unrealistically low. According to Gray, "the key is to evaluate your net worth and estate planning concerns carefully and to plan accordingly. With the low federal estate tax exemption, you really do not have to be in the same financial league of the Steinbrenner's of the world to be impacted by the pending federal estate tax. Be smart and plan now."

### **Life Insurance: The Perfect Tool for Effective Estate Planning**

It has long been known by most wealthy families that one of the best ways to pay federal estate taxes is with [life insurance](#). In fact, it is the perfect vehicle because the timing of the payout of the life insurance proceeds corresponds directly with the federal estate tax bill.



The concept of using life insurance to pay estate taxes is relatively simple. You can set up an irrevocable life insurance trust and have the trust purchase a life insurance policy to be owned by the trust with the trust as the beneficiary. When proceeds become payable, the life insurance funds go into the trust which can then write a check to the federal government to pay the estate tax due. This allows for your estate to be passed to your heirs in whole and the life insurance proceeds cover the estate tax.

This explanation is obviously a simplification and you should always consult your tax and legal professionals. But the concept is clean and works great for estates with large real estate holdings or other non liquid assets.

For additional information on using life insurance in your estate planning or to receive a [custom life insurance quote](#), contact MEG Financial now or visit our website <http://www.megfinancial.com>.

MEG Financial:

For the past 16 years, MEG Financial of Pensacola, Florida, a nationally known life insurance and estate planning brokerage firm, has worked with high net worth individuals to secure life insurance to pay estate taxes. MEG's specialty is finding the right policy at the right price and delivering the best results every time.

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