MetLife

Dynasty Trust

PRODUCER GUIDE

Transferring

wealth to multiple

generations

IMPORTANT INFORMATION REGARDING RECENT TAX LAW CHANGES INCLUDED.

Life. your way[SM]

MetLife

IMPORTANT NOTICE

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("Act") was signed into law on December 17, 2010. For gift, estate and generation skipping transfer ("GST") tax purposes (together referred to as "transfer tax"), this Act has changed, among other things, the exemption amounts and rates for 2011 and 2012.

Please note, material accompanied by this Notice was prepared prior to this change in the law. The material is designed to provide general information regarding an estate or life insurance planning concept. However, it may also include tax calculations that were based on the law in effect prior to the passage of the Act. Therefore, specific examples and illustrations of tax calculations set forth in the material do not reflect the changes made by the Act and should not be relied upon. Nevertheless, the general planning concept described in this material may still be valid based upon an individual's particular circumstances.

In light of the recent transfer tax changes, you should speak with your qualified legal and tax counsel prior to implementing any estate planning strategy.

Some of the more relevant changes, albeit temporary, under the Act include:

- 35% top tax rate for transfer tax purposes in 2011 and 2012 (prior to the Act, the top tax rate was scheduled to be generally 55% for 2011 and thereafter);
- $5,000,000 per person exemption for gift, estate and GST tax purposes in 2011 and 2012 (prior to the Act, these exemptions were scheduled to be $1,000,000 for 2011 and thereafter);
- Ability for the executor to transfer to the surviving spouse any unused estate tax exemption remaining upon the death of the first spouse (referred to as "portability") in 2011 and 2012 (prior to the Act, the law did not provide for portability of the estate tax exemption between spouses).

It is also important to note that unless Congress enacts new legislation, on January 1, 2013, the transfer tax laws will revert back to the laws (e.g. exemption amounts of $1,000,000 and 55% maximum tax rates) that were in effect in 2001.

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MetLife Investors USA Insurance Company
5 Park Plaza, Suite 1900
Irvine, CA 92614

Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166

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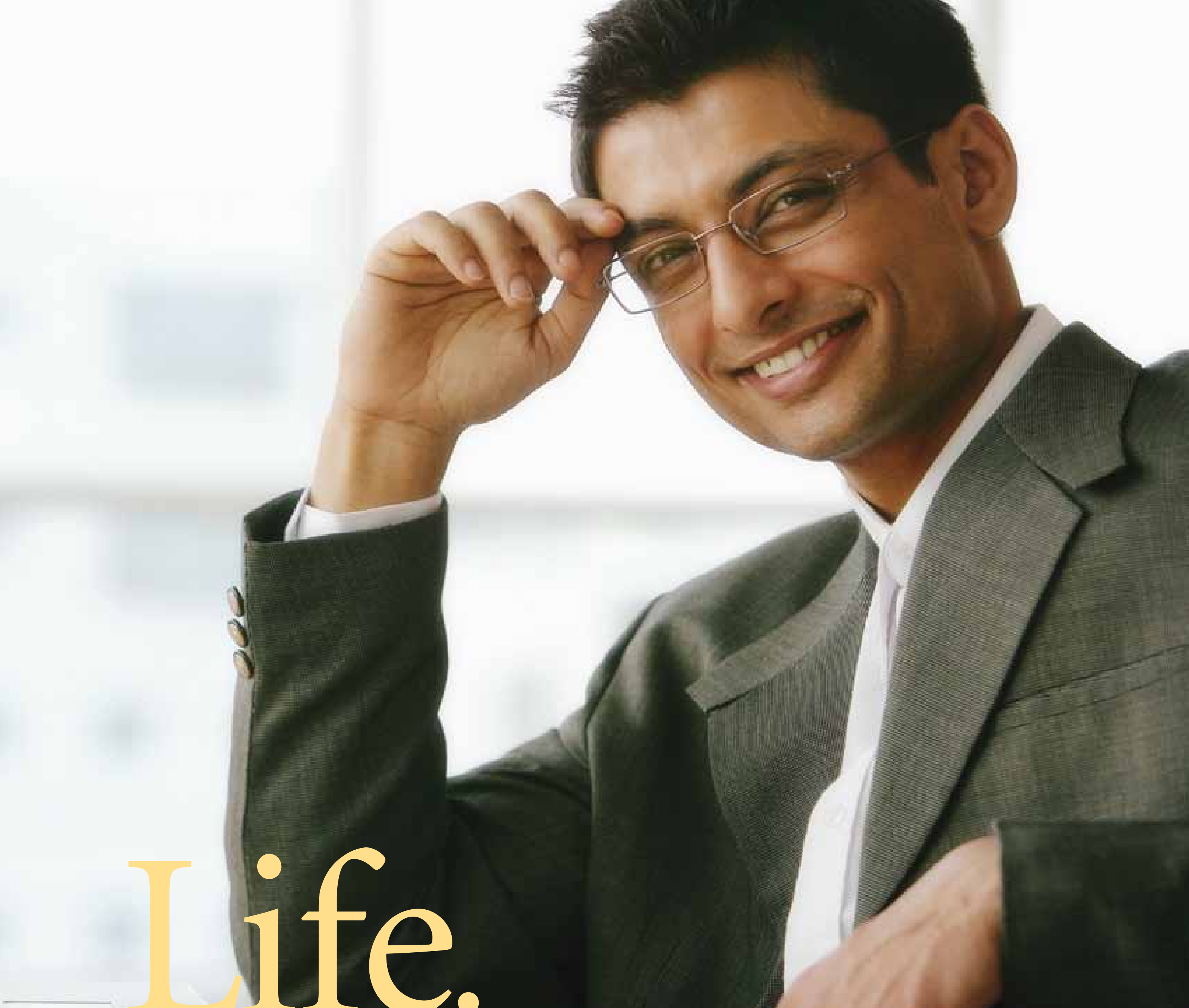


Life. your way

MetLife understands your business. We respect your entrepreneurial spirit as you help guide clients toward financial freedom. We want to be your partner of choice as you grow your business the only way that matters, *your way.*

What is a Dynasty TRUST?

A Dynasty Trust is a popular name for a special type of Irrevocable Life Insurance Trust (ILIT). Unlike a traditional ILIT, a Dynasty Trust is designed to provide distributions to trust beneficiaries for several generations, while keeping the remaining trust assets outside of the beneficiaries' taxable estates.

HOW DOES IT WORK?

Each individual has a Generation Skipping Transfer (GST) tax exemption amount that allows them to pass a certain amount to grandchildren and other "skip" persons free of GST tax. Your clients create an ILIT and allocate all or a portion of their GST tax exemption (currently $3,500,000) to gifts made to that ILIT, making it exempt from GST tax and thus establishing a Dynasty Trust. When a Dynasty Trust is funded with life insurance, your client can leverage the amount left to the beneficiaries. The trustee will purchase life insurance on your client(s), and upon the death of the insured(s), the life insurance death benefit will be paid to the trust for the benefit of their children, grandchildren, great-grandchildren and future generations, creating a lasting legacy.

It is important to discuss with the client and the clients' legal advisors that some states impose a limit on how long a Dynasty Trust can exist. The Rule Against Perpetuities limits how long a trust may exist. However, there are some states that have no Rule Against Perpetuities and therefore no limit on how long a Dynasty Trust may continue.

It may be possible to add clauses to Dynasty Trusts which add the flexibility to change the location or "situs" of the trust to a state which would allow a longer or possibly unlimited duration. Qualified legal advisors should be consulted to ensure the trust is drafted according to your client'(s') wishes.

PLEASE NOTE: This document is designed to provide introductory information on the subject matter. MetLife does not provide tax and legal advice. Clients should consult their attorney and/or tax advisor before making financial investment or planning decisions.

CASE STUDY

Ben & Susan

It is important to us that our wealth is transferred to future generations on our terms.

the concern

Ben and Susan are a successful 60-year-old couple. They have decided to establish a Dynasty Trust for their daughter Donna, age 35 and her four children, ages 10, 8, 6 and 5. The trust terms provide that the independent trustee will provide income to Donna for her lifetime, as needed.[1] The trust's remainder will pass income to Donna's four children in equal shares upon Donna's death and so on for each subsequent generation. Undistributed income will be added to the trust principal.

Under Internal Revenue Code (IRC) Section 2503(b), the gift tax annual exclusion amount is $13,000 per recipient per year and $26,000 per recipient per year if a married couple splits their gifts under IRC Section 2513(a). The 2009 applicable exclusion amount under IRC Section 2010(c) is $3,500,000 per person. Also, each spouse may gift $1,000,000 during their lifetimes free from federal gift taxes. In consideration of these limits, Ben and Susan fund the trust with $1,300,000, using all of their current year gifting limits and a portion of their lifetime gift exclusions to this transfer. There should be no federal gift or GST tax consequences with this gift[2].

the solution

They both qualify for preferred non-smoker life insurance rates. The trustee decides to use the funds Ben and Susan have gifted to the trust to purchase a Legacy Advantage Survivorship Universal Life (LASUL℠) policy insuring both their lives. The stated premium purchases a guaranteed death benefit of $6,322,322 to be paid to the trust income tax-free. The trustee then decides to either purchase another life insurance policy on the surviving beneficiaries, or invest trust assets in more traditional investment vehicles or a combination of both.

The client's daughter, Donna, is also very successful in her own right and elects not to take income distributions from the trust during her lifetime. Assuming the trust continues to earn an after-tax 5% rate of return and after Donna's death the trust beneficiaries receive all income, the trust would continue to generate $1.36 million ($1,366,236) annually for as long as the trust terms dictate.

If Donna's children also elect not to take distributions of income from the trust, the projected amount of wealth accumulated over 50 years will be nearly $72.5 million.

Hypothetical Example: Actual Results Will Vary.

[1] Access to funds may be subject to certain limits.

[2] Your legal or tax advisor will need to file a gift tax return to properly allocate the clients' GST exemption

WHO IS **THE IDEAL CLIENT?**

Highly affluent individuals find great value in estate planning techniques that transfer the maximum amount of wealth at minimal cost. The greatest wealth transfer costs these individuals face are gift and estate taxes. These prospects tend to be age 55+ with grandchildren (and sometimes great-grandchildren) whom they would like to favor with a transfer of wealth while avoiding or minimizing GST tax, estate, gift and income taxes. Also, in transferring these assets to their beneficiaries, these prospects want to protect the assets from the claims of their beneficiaries' creditors, including ex-spouses. Ideal clients have:

- No cash flow problems
- Adequate cash resources
- Insurable children
- Grandchildren (and great-grandchildren)

the benefit

As you can see, using a Dynasty Trust with life insurance dramatically increases the amount of wealth Ben and Susan are able to transfer to future generations. By using a life insurance policy like MetLife's Legacy Advantage SUL within a Dynasty Trust, the amount of the income and estate tax-free death benefit is guaranteed for future trust beneficiaries.[2]

	Current Situation	Dynasty Trust Without Insurance	Dynasty Trust With Insurance
Original Investment	$1,130,000	$1,130,000	$1,130,000
Asset Value after Ben and Susan's Death (assume 20 yrs)	$2,998,220	$2,998,220	$6,322,322
Taxes To IRS[2]	$944,060	$0	$0
Net Assets to Donna	$2,054,166	$2,998,220	$6,322,322
Assets at Donna's Death (assumes Donna withdraws no income over an additional 30 yrs of life expectancy and after-tax rate of return of 5% on trust assets)	$8,877,987	$12,958,130	$27,324,711
Taxes To IRS	$4,177,893	$0	$0
Amount Received by Grandchildren	$4,700,094	$12,958,134	$27,324,711

1 All product guarantees are based on the claims-paying ability of the issuing insurance company.
2 Assumes 45% estate tax bracket and $1 million unified credit per person.
This hypothetical example is illustrative only and should not be considered a representation of past or future investment results. Actual investment results may be more or less than those shown and will depend on a number of factors.

A NOTE ABOUT LIFE INSURANCE DISTRIBUTIONS: Tax-free distributions assume that the life insurance policy is properly structured, is not a modified endowment contract (MEC) and distributions are made up to the cost basis and policy loans thereafter. Should the policy lapse or be surrendered prior to the death of the insured, there may be tax consequences. Loans and withdrawals will decrease the cash value and death benefit.

Steps in establishing a **DYNASTY TRUST**

IF DURING LIFETIME:

1. The grantor establishes an ILIT. If the grantor wants the trust to go on "forever" he or she could establish the trust in a state that has abolished the Rule Against Perpetuities or include a clause in the trust that allows the trustee to change the situs of the trust.
2. The grantor transfers assets to the trust and uses his or her gift tax and GST tax exemptions to avoid any tax consequences.
3. During the grantor's lifetime, the trust assets can benefit the beneficiaries of the trust through distributions made by the trustee of the trust.
4. Upon the grantor's death, no estate tax will be due since the assets are owned by the trust and are not included in the grantor's estate.
5. The surviving children, grandchildren and other future beneficiaries can continue to benefit from the income and principal of the trust without reduction by future transfer taxes.

IF AT DEATH:

1. The grantor establishes an ILIT that is to be funded at his or her death. If the grantor wants the trust to go on "forever" he or she could establish the trust in a state that has abolished the Rule Against Perpetuities or include a clause in the trust that allows the trustee to change the situs of the trust.
2. Upon the grantor's death, the assets will be transferred to the ILIT. The estate will utilize the decedent's estate tax and GST tax exemptions so that no taxes will be owed.
3. The surviving children, grandchildren and other future beneficiaries can benefit from the income and principal of the trust without reduction by future transfer taxes.

What **QUESTIONS** Will My **CLIENTS ASK?**

- **WHY SHOULD I CREATE AND FUND A DYNASTY TRUST DURING MY LIFETIME?** In a properly structured Dynasty Trust, the income and capital appreciation on the assets placed in the trust will not be included in your client's taxable estate. Should your client not transfer the assets to an irrevocable trust, the accumulated income and capital appreciation will increase his/her taxable estate, and thus, the federal estate tax and GST tax liability.

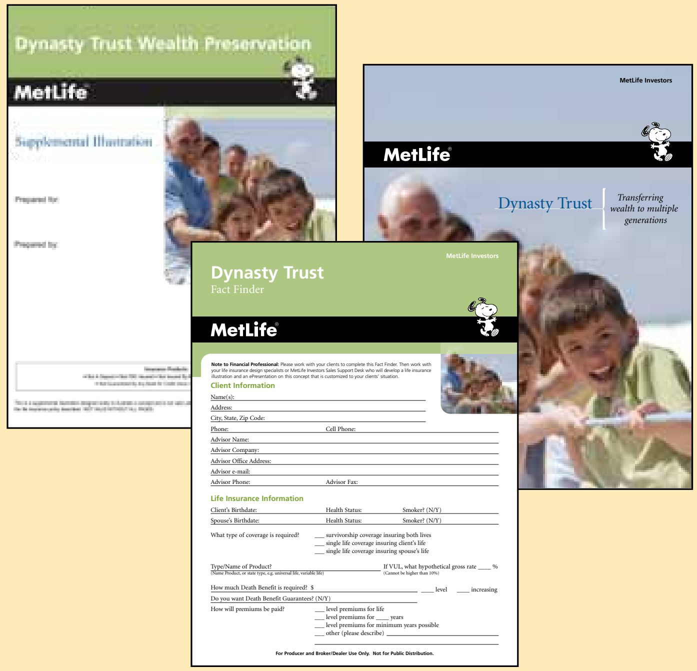
  In addition, carefully drafting the trust document may provide the opportunity to influence or control the terms on which future generations receive these assets. The trust can provide an additional layer of control to ensure that assets will be distributed in accordance with the client's values and work ethic.

- **WHY SHOULD I FUND THE DYNASTY TRUST WITH LIFE INSURANCE?** Life insurance premiums are typically relatively small compared to the amount of the death benefit proceeds, so allocating the client's GST tax exemption to the money transferred to the Dynasty Trust to pay life insurance premiums allows the death benefit to pass free from GST tax.

  A Dynasty Trust funded with a survivorship policy could also be used for the purpose of providing liquidity to an estate for the payment of any federal estate tax due at the surviving spouse's death. The life insurance death benefit proceeds, or the assets of the insureds' estate purchased with such proceeds, remain in the Dynasty Trust, with growth potential for the benefit of future generations.

Sales SUPPORT

MetLife has designed a variety of tools to help you present this strategy to your clients.



ePresentations[3]

A supplemental illustration designed to clarify complex strategies for your clients. Through the use of charts and examples, ePresentations offers a personalized way to help explain how a life insurance policy fits into a client's specific financial situation.

Client Brochure

Provides clients with a better understanding of the Dynasty Trust income strategy and how it can work for them.

Fact Finder

This tool allows you to gather necessary information from your client so you are able to build a customized illustration and presentation to show them.

[3] For more information about this strategy or to request an ePresentation contact your MetLife's Life Insurance Regional Sales Vice-President today.

- **CAN A DYNASTY TRUST HOLD LIFE INSURANCE POLICIES ON THE LIVES OF ITS BENEFICIARIES?** Clients may consider using life insurance on their children's or grandchildren's lives as alternate methods of funding a Dynasty Trust, however provisions in the trust document need to allow the trustee to purchase life insurance on the lives of the beneficiaries. If the clients' child or grandchild serves as trustee, then they should not be an insured because the death benefit proceeds could be includable in their estate.

- **IS IT POSSIBLE TO USE ANNUAL EXCLUSION GIFTS TO FUND A DYNASTY TRUST?** While it is possible to fund a Dynasty Trust with annual exclusions gifts, certain issues should be kept in mind.

  The clients' GST tax exemption is typically allocated to each of the transfers to the Dynasty Trust. The administrative burden of filing gift tax returns each year to allocate the exemption to the annual exclusion gifts can be avoided by transferring a one-time gift that uses most, if not all, of the clients' lifetime gift tax exemption as well as their GST tax exemption.

This material and any estate, gift or generation skipping transfer ("GST") tax (together referred to as "transfer tax") calculations reflects the law established under the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). Among other things, EGTRRA provides for a one year estate and GST tax repeal which began on January 1, 2010. Unless Congress enacts new legislation, on January 1, 2011 the federal estate and GST tax will be fully reinstated with the laws (e.g. exemption amounts and tax rates) that were in effect in 2001. As of the date this material was printed, Congress had yet to pass any estate, GST or other transfer tax reform. While there has been a great deal of discussion about Congress reinstating the estate and GST tax retroactively for 2010 and/or amending the transfer tax laws for years beyond 2010, it is unclear if or how Congress will address these transfer taxes in the future and how any new law will affect any estate planning implemented in the meantime. Due to the uncertainty of the situation, clients must speak with their qualified legal and tax counsel to confirm the current status of the law, to discuss their current estate plan and to discuss what planning options are available during the upcoming year.

Prospectuses for Equity Advantage Variable Universal Life and for the investment portfolios offered thereunder, are available from MetLife. The policy prospectus contains information about the policies features, risks, charges and expenses. The investment objectives, risks and policies of the investment options, as well as other information aboutthe investment options, are described in their respective prospectuses. Clients should read the prospectuses and considerthis information carefully before investing. Product availability and features may vary by state.

MetLife variable life insurance policies have limitations, exclusions, charges, termination provisions and terms for keeping them in force. There is no guarantee that any of the variable investment options in this product will meet their stated goals or objectives. The account value is subject to market fluctuations so that, when withdrawn, it may be worth more or less than its original value. Guarantees are based on the claims-paying ability and financial strength of the issuing insurance company.

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MetLife Investors Distribution Company
5 Park Plaza, Suite 1900
Irvine, CA 92614
metlifeinvestors.com

1002-0640
BDVL21049 L0111151474[0211]