

ILIT Administration Checklist

Obtain a Federal Taxpayer Identification Number (TIN)

Obtain a TIN for the ILIT to manage policies, accounts, and file tax returns.

Fund the ILIT

- **Transfer Existing Policy:** Transfer a current policy to the trust. Be aware of the three-year estate inclusion rule.
- **Buy New Policy:** Trustee purchases a new policy in the name of the ILIT, avoiding the three-year rule.

Keep Accurate Records

Maintain records of all trust activities, including policy contracts, receipts, and disbursements.

Manage Premium Payments

Ensure premium notices are sent to both you and the ILIT trustee.

File Timely Gift Tax Returns

Work with your accountant to file gift tax returns, if necessary, due to ILIT contributions.

Open a Bank Account for the ILIT

The trustee opens an ILIT checking account for transactions.

Gift Premium Payments

Gift payments to the ILIT's checking account rather than directly paying the premium.

Notify Beneficiaries of "Crummey" Withdrawal Rights

Trustee notifies beneficiaries of their withdrawal rights each year to qualify for the annual gift tax exclusion.

Issue Checks to Pay Policy Premiums

Trustee pays the policy premiums using funds from the ILIT's account.

