**Using an ILIT in the World of Special Needs**

**SCENARIO:**  Mom and Dad have six children, one child has special needs

**DEFINITIONS OF ABBREVIATIONS:**
- **PWD** – Person with a disability
- **DSNT** – Discretionary special needs trust
- **ILIT** – Irrevocable Life Insurance Trust

| 6 Children | • Beneficiary of the ILIT is the 6 children  
| 5 non PWD |   o 5 non-PWDs outright  
| 1 PWD |   o PWDs share to DSNT  
|        | • Withdrawal rights go to the 5 non PWDs only |

| Life Insurance | • Owner – ILIT  
|                | • **Beneficiary** - ILIT |

| Annual Premium | • Premium paid into the ILIT  
|                | • 5 children have withdrawal rights  
|                | • No withdrawal right for PWD |

| Death | • **Policy pays to ILIT**  
|       | • ILIT pays to DSNT and other 5 children  
|       | • Non-PWDs may get small %  
|       | **OR**  
|       | • Non-PWD may be remainder beneficiaries if PWD not alive at death of insured(s) |

| Cautions | • If policy is on one life and spouse is beneficiary of ILIT, be careful of powers of appointment in DSNT, if PWD passes away first |

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