

Alaska State Legislature

Senate Majority Leader

Joint Armed Services Committee

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Judiciary Committee

Vice-Chairman

Resources Committee

State Affairs Committee

Legislative Council

Rules Committee



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SB 47 Life Insurance & Annuity Exemptions FACT SHEET

- This bill allows prudent private citizens and small businessmen that invest their own money in a retirement account to receive the same limitless exemptions as public employees or union members who receive that exemption under federal ERISA laws.
- Life insurance and annuities are tools for investment in the trust industry. Alaska is competing with 25 other states to attract trust industry and premier estate planning. In 1997 when the Alaska Trust Act was enacted, there were three people employed in the trust industry. Today there are over 150.
- Lori Wing-Heier, director of the Division of Insurance, stated at a House Labor & Commerce Committee hearing last session that the insurance industry is the second largest contributor to the general fund through premium taxes
- The trust industry contributes significantly to the banking business in Alaska. One Alaskan trust company has \$50 million deposited in an Alaskan bank at any given time. They only deposit funds up to the FDIC limit. Additional funds are invested in money market accounts or other investments.
- Trust companies spend thousands of dollars a month in bank fees for business transactions with banks.
- Life insurance and annuities are a source of diversified income for the state treasury.
- Banks have a right to a collateral agreement for a loan using a life insurance policy as collateral. There is a four-year-look back for fraud in the State of Alaska.
- If a person cashes out a life insurance policy, the money is no longer exempt and it becomes an asset that can be garnished.
- Collateral or attachments on a permanent policy or policy other than a term policy is on the cash value of the policy, not the value at maturity.