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Personal Estate Analysis

Allen & Betty Abbett

Sample Plan - TOTAL Cash-Flow-Based Planning



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IMPORTANT: The illustrations or other information generated by this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

Table of Contents

Estate Cover	1
<u>Estate</u>	<u>2</u>
Estate Planning (text) - E1	3
Current Estate Details - E2	4
Estate Graphs - E3	5
Estate Tax Illustration - E4	6
Estate Chart - Current Situation - E5	7
Estate Chart - With Trusts - E6	8
Future - Allen Dies First - E7	9
Future Graph - Allen dies First - E7a	10
Future - Betty Dies First - E8	11
Future Graph - Betty dies First - E8a	12
Estate Concepts (text) - E9	13
Calculating Estate Taxes - E10	14
Estate Gifting (text) - E11	15
Estate ILIT (text) - E12	16
Estate CRT (text) - E13	17
Estate QTIP (text) - E14	18
Estate GSTT (text) - E15	19
Estate CST (text) - E16	20
Estate QPRT (text) - E17	21
Estate GRT (text) - E18	22
Estate FLP (text) - E19	23
Estate WRT (text) - E20	24
Estate Planning Options Allen - E21	25
Estate Planning Options Notes (text) - E22	26
Estate Options Graph - Allen - E23	27
Estate Options Assumptions Allen - E24	28
Estate - Personal - E25	29
Estate - Allen - E26	30
Estate - Betty - E27	31
Estate - Joint, Comm Prop - E28	32
Estate - Trust, Other - E29	33
Estate - Estimate Worksheet - E30	34

Estate

This section evaluates your financial estate with an illustration of potential estate taxes and settlement costs. It highlights the potential savings that might be realized through use of certain trust and estate planning tools.

You may want to consult with an estate planning attorney for a more detailed analysis of the options available and for additional evaluation of other techniques that might be of benefit.

Estate Planning

Sample Plan - TOTAL Cash-Flow-Based Planning

The Estate Planning section of this analysis will provide you with information that can help you understand your exposure to estate taxes and to visualize some of the potential techniques that could be considered.

As part of your estate planning you should consider the following:

- Are your wills and other estate documents current with the existing legal conditions?
- Have you recently reviewed your desires regarding final disposition of your remainder estate?
- Is your estate large enough now or is it anticipated that it will grow to an extent that your exposure to estate taxes could be costly to your heirs?
- Have you considered the various trust planning techniques available that could help reduce costs and taxes?
- Could charitable gifting assist in reducing your estate costs and at the same time provide a benefits to others, instead of the IRS?
- Have you taken advantage of Living Wills and other pre-planning techniques that might help your survivors avoid trauma and indecision at a time when they are already under stress?

The following analysis of your estate situation is developed to illustrate your potential exposure now and in the future. The estate flow charts are prepared using two assumptions:

- The first illustration shows the costs with your current planning in effect. This includes a Credit Shelter Trust, but not an Irrevocable Life Insurance Trust.
- The second illustration shows the benefit of using the Credit Shelter Trust and an Irrevocable Life Insurance Trust.

By comparing the two results you will be able to understand the impact of estate planning using just these two trust arrangements. Additional techniques are described in the "Estate Concept" illustration pages.

Your Current Estate Details

Sample Plan - TOTAL Cash-Flow-Based Planning

The illustrations in this report are based on information that you provided. As you review the Estate Planning reports, please be aware that the numbers provided are only estimates and are not to be relied on for actual estate tax reporting. You should always rely on your legal and financial professionals for final information about your estate and other tax planning issues.

Basic Data

	Allen	Betty
Current Ages	53	51
Age at death for the estate options illustration	65	63
Estimated final expenses (increasing at 3.20% per year.)	\$15,000	\$15,000
Administrative and probate expense estimate as a percent of estate assets	First death 3.00%	Second death 4.00%

Existing Estate Planning

	Allen	Betty
Will	Yes	Yes
Revocable Living Trust	Yes	Yes
Joint Revocable Trust		No
Marital Trust Provisions	Yes	Yes
Credit Shelter Trust Provisions	No	No
QTIP Trust Provisions	No	No
Testamentary Trust Provisions	No	No
Generation Skipping Trust Provisions	No	No
Irrevocable Life Insurance Trust	No	No
Durable General Power of Attorney	No	No
Durable Health Care Power of Attorney	Yes	Yes
Living Will	Yes	Yes

Estate Assets Summary:

	Allen	Betty	Joint/Other
Ordinary Income/Interest bearing accounts	\$12,450	\$2,850	
Equity, Investment accounts			8,728,800
Retirement accounts	5,567,500	6,110,250	
Residence and Personal Property	707,000		1,894,600
Real Estate Investments			775,000
Debts and mortgages	(9,140)		(232,000)
Totals	\$6,277,810	\$6,113,100	\$11,166,400
Net Worth	\$23,557,310		
Life Insurance	\$97,500	\$60,000	

Plan for estate needs:

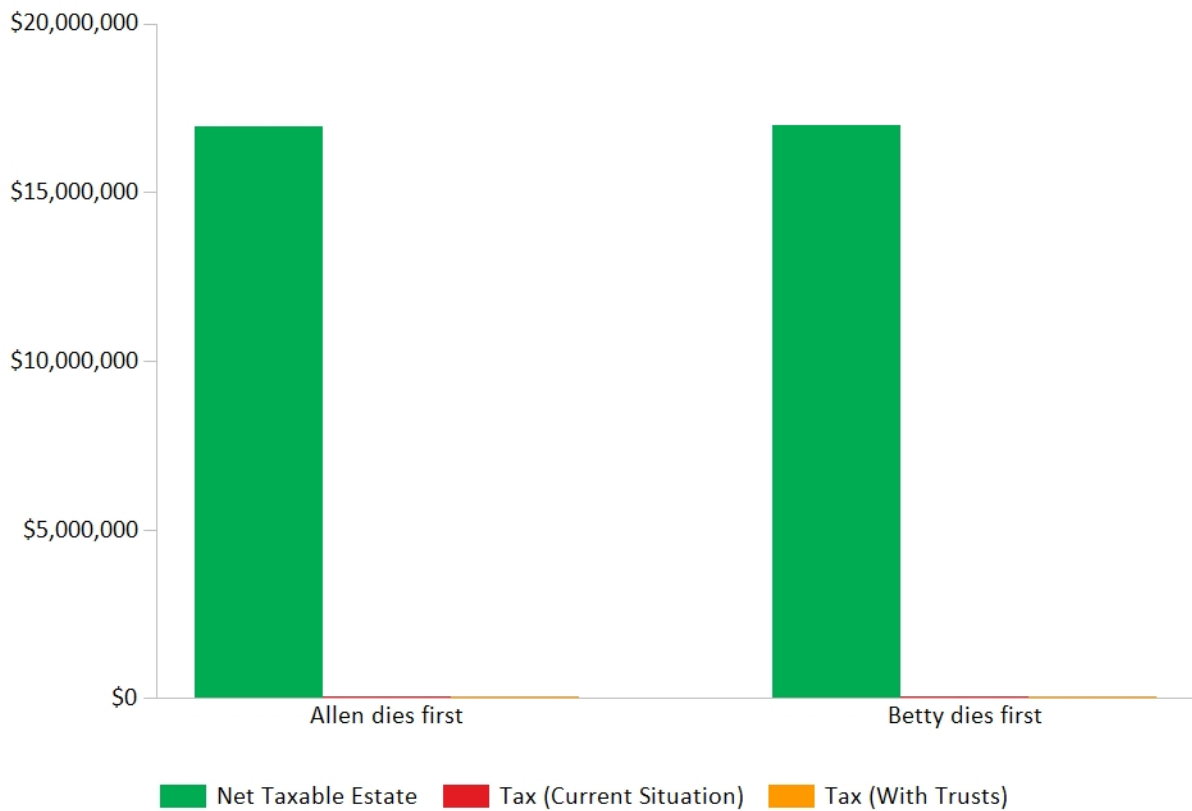
A careful review of the information shown above will help you to determine which legal estate planning tools should be considered in order to be fully protected. As you consider the various estate planning tools listed, please recognize that competent legal advice is necessary to assure that the documents are properly prepared.

Any family members who might have a concern regarding the above items should be appropriately involved in your estate planning and protection to avoid possible confusion or uncertainty of your wishes when an event requires use of any of the documents.

Proper planning and preparation before a need arises can avoid unnecessary delay, confusion, potential legal costs and family disruption.

Estate Taxes

Sample Plan - TOTAL Cash-Flow-Based Planning



	<u>Allen dies first</u>		<u>Betty dies first</u>		
All assets including life insurance		\$24,440,650		\$24,440,650	
Debts and expenses		(7,265,732)		(7,246,633)	
Less bequests to other than spouse		<u>(216,100)</u>		<u>(216,100)</u>	
Net estate		\$16,958,818		\$16,977,916	
		Current Situation	With Trusts	Current Situation	With Trusts
Estate tax		\$0	\$0	\$0	\$0
To heirs		<u>14,623,268</u>	<u>14,768,668</u>	<u>14,642,367</u>	<u>14,786,267</u>
Gain using trust		\$145,400		\$143,900	

Estate Tax Illustration

Sample Plan - TOTAL Cash-Flow-Based Planning

(With and without trust planning)

Illustrating the potential savings available buying a Credit Shelter Trust (CST) and an Irrevocable Life Insurance Trust (ILIT). This report shows results if both deaths occur now. For future death ages refer to the "Estate Planning Options" Report.

First death	<u>Allen dies first*</u>		<u>Betty dies first*</u>	
Separate property - Allen	\$707,000			
Separate property - Betty				
1/2 Joint or Community property	5,699,200		5,699,200	
Life Insurance (net of loans) (1)	347,500		310,000	
Retirement plans (2)	5,567,500		6,110,250	
Gross Estate	\$12,321,200		\$12,119,450	
<u>Less expenses:</u>				
Debts	(122,640)		(116,000)	
Final expenses	(15,000)		(15,000)	
Administration @ 3.00%	(355,082)		(350,353)	
Other expenses/gifts	(1,242,120)		(1,221,945)	
Total Expenses	(1,734,842)		(1,703,298)	
Estate (before trusts)	\$10,586,358		\$10,416,151	
Bequests to other than spouse	\$216,100	\$216,100	\$216,100	\$216,100
To credit shelter trust (3)				
Life insurance outside estate or held in ILIT		\$347,500		\$310,000
	<u>Betty dies second*</u>		<u>Allen dies second*</u>	
Second death	<u>Without trusts</u>	<u>With trusts</u>	<u>Without trusts</u>	<u>With trusts</u>
Net estate from spouse	\$10,370,258	\$10,370,258	\$10,200,051	\$10,200,051
Separate property			707,000	707,000
1/2 Joint or Community property	5,699,200	5,699,200	5,699,200	5,699,200
Life Insurance (net of loans) (1)	310,000	310,000	347,500	347,500
Retirement plans (2)	6,110,250	6,110,250	5,567,500	5,567,500
- Less CST and ILIT		(657,500)		(657,500)
Gross Estate	\$22,489,708	\$21,832,208	\$22,521,251	\$21,863,751
<u>Less expenses:</u>				
Debts	(116,000)	(116,000)	(122,640)	(122,640)
Final expenses	(15,000)	(15,000)	(15,000)	(15,000)
Administration @ 4.00%	(881,948)	(868,048)	(881,444)	(869,044)
Charity, other expenses, gifts	(4,517,942)	(4,386,442)	(4,524,250)	(4,392,750)
Total expenses	(\$5,530,890)	(\$5,385,490)	(\$5,543,335)	(\$5,399,435)
Net taxable estate	\$16,958,818	\$16,446,718	\$16,977,917	\$16,464,317
Tentative Federal estate tax	6,729,327	6,524,487	6,736,967	6,531,527
Less applicable estate tax credit	(6,729,327)	(6,524,487)	(6,736,967)	(6,531,527)
Estimated Federal Estate tax	\$0	\$0	\$0	\$0
Remainder Estate	16,958,818	16,446,718	16,977,917	16,464,317
Credit shelter trust (3)				
Life Insurance Trust or not in estate (1)		657,500		657,500
Irrevocable trust, other assets (net)				
Income tax on ret. plans at 20% (2)	(2,335,550)	(2,335,550)	(2,335,550)	(2,335,550)
Estate and Trust to heirs*	\$14,623,268	\$14,768,668	\$14,642,367	\$14,786,267
Gain to heirs with Trusts		\$145,400		\$143,900

(1) Only life insurance currently in an ILIT is included in the "current situation" scenario, all insurance is in an ILIT in the "trust" scenario.

(2) Estimated income tax on retirement accounts. The actual amount will vary depending on the heirs tax rates.

(3) The Credit Shelter Trust is funded with the smaller of the current year Unified Tax Credit Equivalent or separate property.

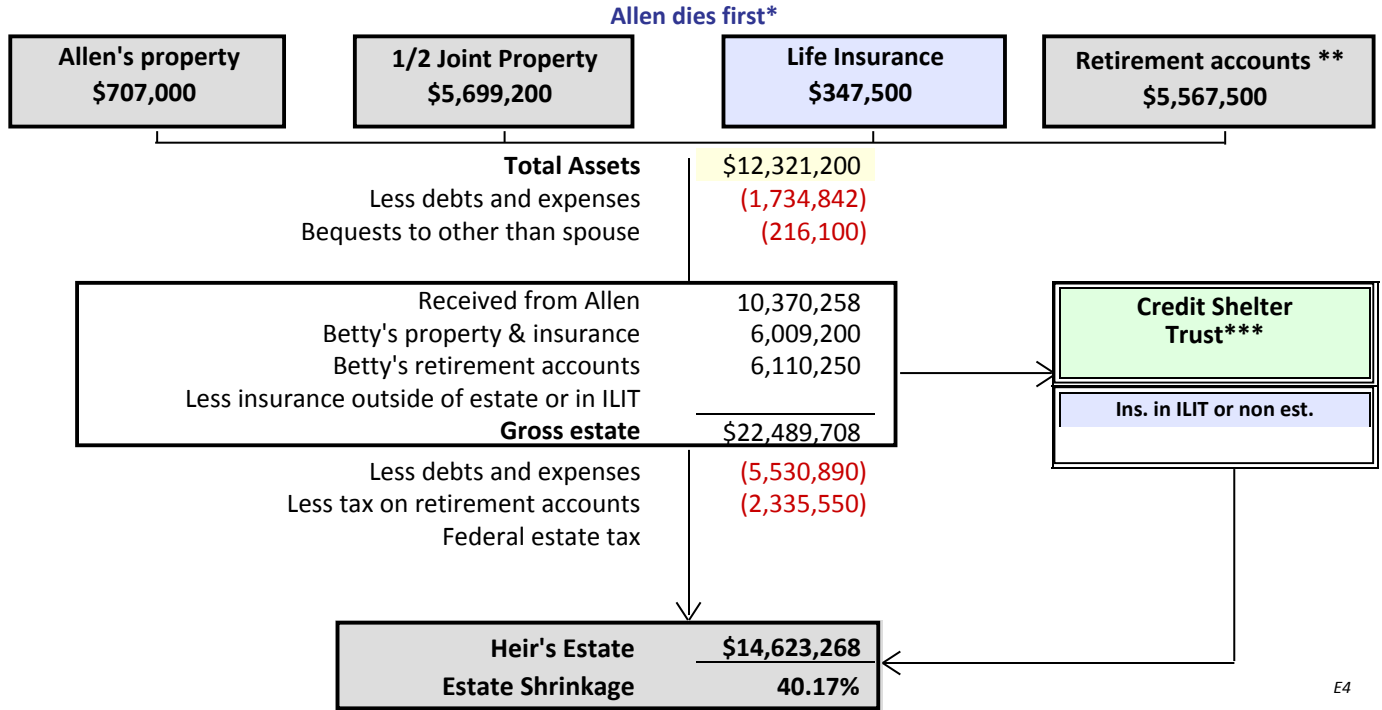
\$40,000 of the Credit Shelter Trust was utilized prior to death. The first spouse's estate credit was available for use.

*The above results are based on deaths occurring in the current year. Results will vary in future years.

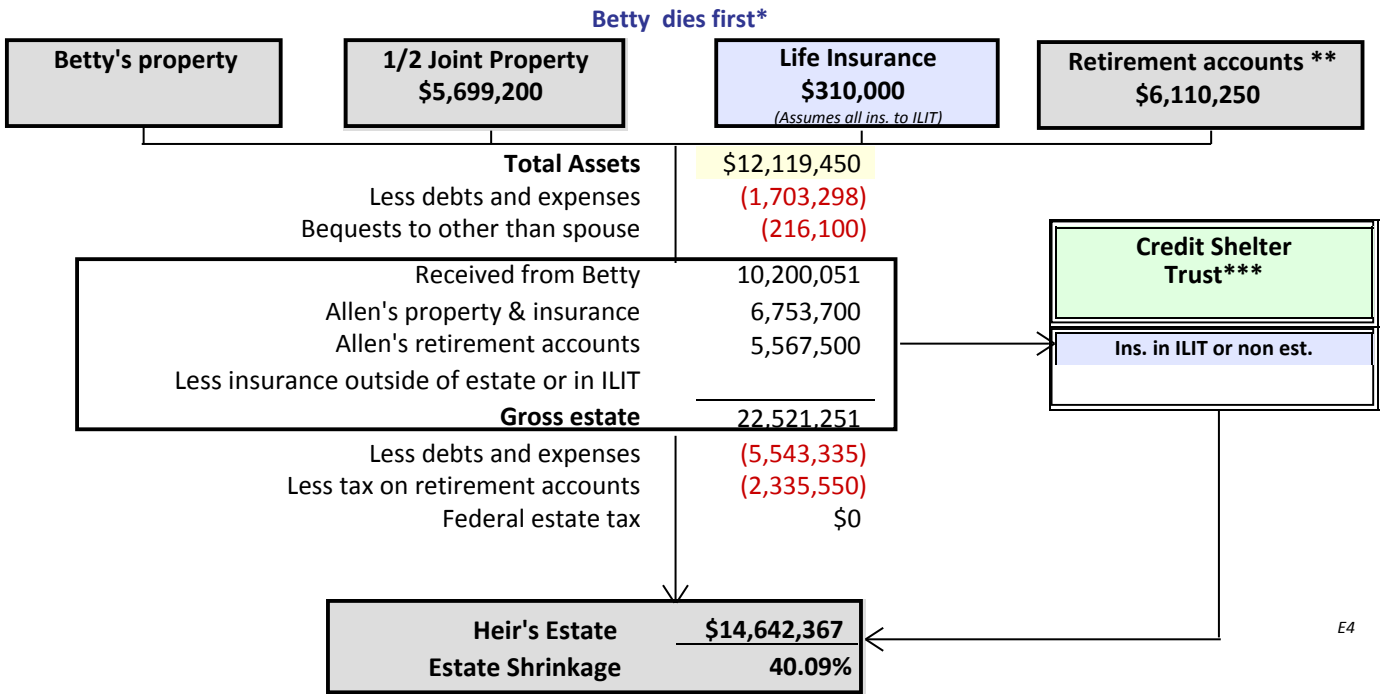
Estate Taxes - Current Situation

Sample Plan - TOTAL Cash-Flow-Based Planning

When assets are passed to heirs by simple wills (or by State statutes when no wills exist), the estate will probably be subject to the maximum amount of Federal Estate taxes. The illustration assumes only life insurance currently owned in an Irrevocable Life Insurance Trust is exempt from estate tax.



While estate taxes may not be a serious problem for smaller estates, time, combined with the growth of successful investments or inflation can result in a substantial estate tax liability.



You may want to consider various types of trust or estate planning techniques to help assure that all aspects of your estate disposition are handled according to your wishes and with the minimum estate taxation. This report is an estimate and does not constitute legal advice. Obtain legal counsel before taking action affecting your estate planning.

*The above results are based on both deaths occurring in the current year. Results will vary in future years.

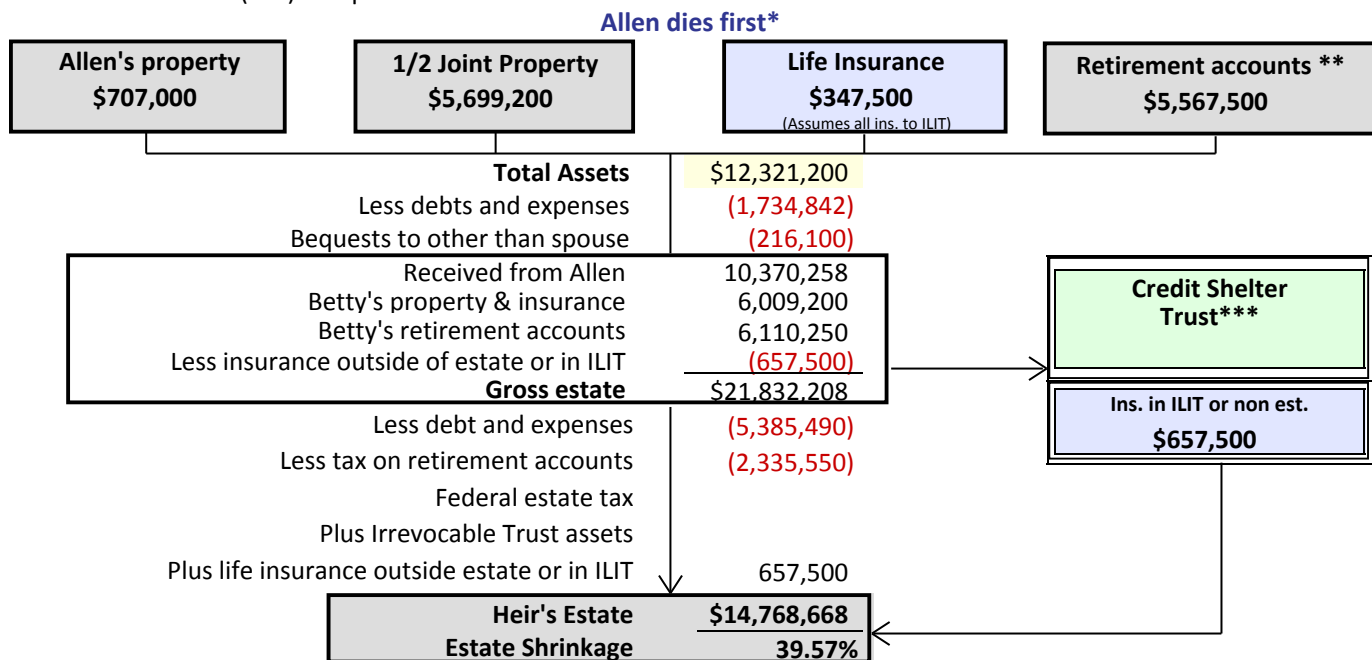
** Retirement accounts will be subject to additional income taxes.

*** The Credit Shelter Trust is funded with the smaller of the current year Unified Tax Credit Equivalent or separate property

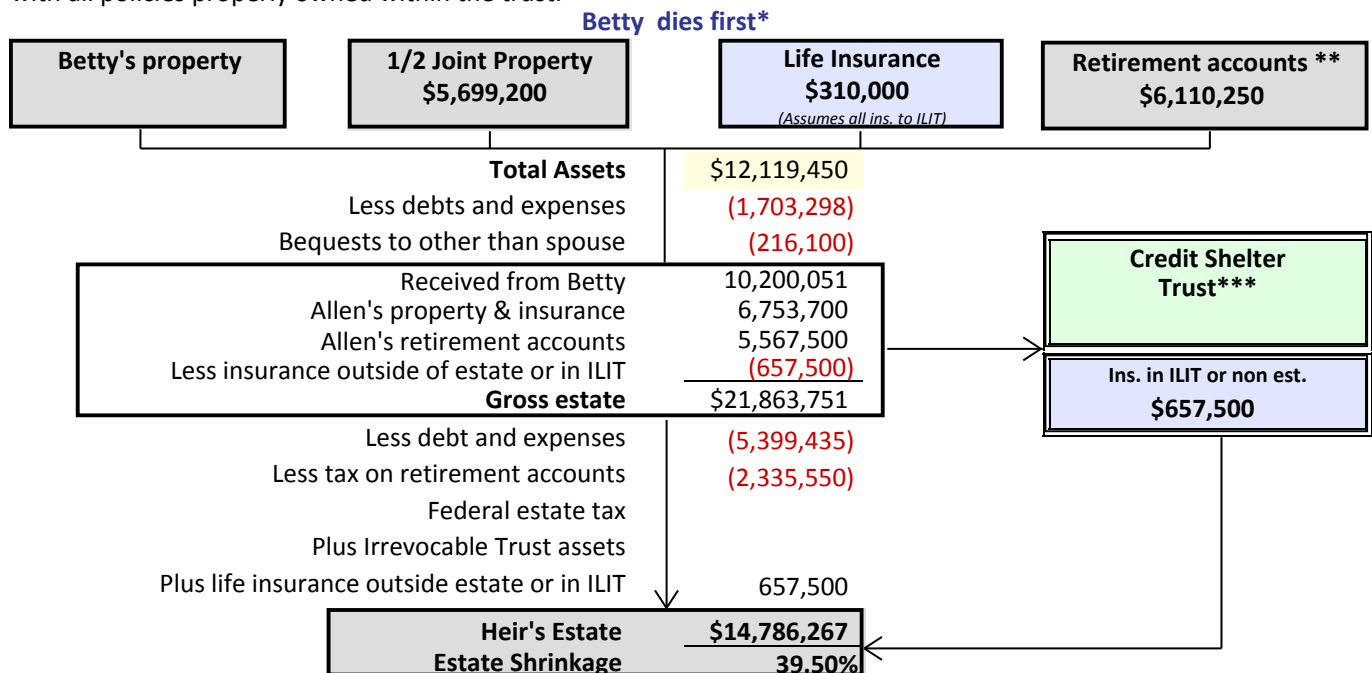
Estate Taxes - With Trusts

Sample Plan - TOTAL Cash-Flow-Based Planning

You might consider using a Credit Shelter Trust to minimize the cost of passing your assets to your heirs. This is accomplished by arranging to have a portion of your assets placed into trust upon the first death. The income from the trust may be made available to the surviving spouse, allowing the remaining trust assets to pass to the heirs without ever being included in the second spouse's estate. This illustration assumes all life insurance is held in an Irrevocable Life Insurance Trust (ILIT) and protected from estate taxes.



In order to take advantage of a Credit Shelter Trust, your assets must be owned in a manner that will enable the assets to flow into the trust, such as separately owned or community property assets. Jointly held assets may be placed in the trust only if the surviving spouse makes a special election. An Irrevocable Life Insurance Trust would need be in force with all policies properly owned within the trust.



If you decide to use these techniques, you should coordinate the process with all appropriate legal and financial advisors to evaluate the benefits of the trusts. Implementation would require preparation of will and trust documents and possible re-titling of some assets and insurance policies in order to maximize the effect of the trust planning.

*Retirement accounts will be subject to additional income tax.

**The above results are based on both deaths occurring in the current year. Results will vary in future years.

Future Estate Costs

Sample Plan - TOTAL Cash-Flow-Based Planning

Deaths in same year - Allen dies first.

Ages	Assets & Insurance*	Debts & Expenses** (after both deaths)	Net Estate	Current Situation		Credit Shelter Trust and Irrev. Life Ins. Trust ****		Gain with Trusts
				Estate Tax	To Heirs	Estate tax	To Heirs	
53 51	\$24,440,650	(\$7,265,732)	\$17,174,918	\$0	\$16,958,818	\$0	\$17,104,218	\$145,400
54 52	25,914,236	(1,657,057)	24,257,179	(660,040)	23,597,140	(373,065)	23,912,934	315,794
55 53	27,482,999	(1,736,595)	25,746,404	(1,075,157)	24,671,247	(788,816)	24,986,958	315,711
56 54	29,145,547	(1,821,201)	27,324,346	(1,522,150)	25,802,196	(1,236,544)	26,117,734	315,537
57 55	30,869,822	(1,909,134)	28,960,687	(1,988,818)	26,971,869	(1,704,013)	27,287,181	315,312
58 56	32,701,866	(2,002,918)	30,698,948	(2,492,497)	28,206,450	(2,208,612)	28,521,429	314,978
59 57	34,688,578	(2,105,124)	32,583,454	(3,050,842)	29,532,612	(2,768,160)	29,846,986	314,374
60 58	36,801,050	(2,214,202)	34,586,848	(3,652,833)	30,934,015	(3,371,710)	31,247,443	313,427
61 59	38,992,893	(2,327,663)	36,665,230	(9,529,866)	27,135,364	(9,250,419)	27,447,738	312,374
62 60	41,396,528	(2,452,730)	38,943,798	(10,338,853)	28,604,945	(10,061,551)	28,915,811	310,865
63 61	43,953,327	(2,586,246)	41,367,082	(11,203,677)	30,163,405	(10,929,249)	30,472,047	308,642
64 62	46,423,693	(2,719,427)	43,704,266	(12,031,971)	31,672,295	(11,861,421)	31,877,723	205,429
65 63	49,068,326	(2,855,740)	46,212,586	(12,926,589)	33,285,998	(12,859,806)	33,388,336	102,338
66 64	51,492,094	(2,979,843)	48,512,252	(13,735,570)	34,776,682	(13,673,570)	34,864,516	87,835
67 65	54,020,879	(3,113,873)	50,907,007	(14,580,369)	36,326,637	(14,518,369)	36,414,969	88,332
68 66	56,646,843	(3,253,639)	53,393,204	(15,459,484)	37,933,721	(15,397,484)	38,022,560	88,839
69 67	59,451,219	(3,403,630)	56,047,589	(16,403,566)	39,644,023	(16,341,566)	39,733,380	89,357
70 68	62,416,967	(3,562,997)	58,853,970	(17,406,092)	41,447,877	(17,344,092)	41,537,762	89,885
71 69	65,293,668	(3,730,171)	61,563,497	(18,367,477)	43,196,019	(18,305,477)	43,286,444	90,424
72 70	68,231,686	(3,897,843)	64,333,844	(19,350,742)	44,983,102	(19,288,742)	45,074,077	90,975
73 71	71,256,537	(4,071,407)	67,185,130	(20,363,884)	46,821,246	(20,301,884)	46,912,782	91,536
74 72	74,387,132	(4,251,241)	70,135,890	(21,414,269)	48,721,621	(21,352,269)	48,813,730	92,109
75 73	77,624,541	(4,437,442)	73,187,099	(22,502,235)	50,684,864	(22,440,235)	50,777,558	92,693
76 74	80,489,848	(4,603,999)	75,885,849	(23,446,567)	52,439,282	(23,384,567)	52,532,572	93,290
77 75	83,411,751	(4,774,277)	78,637,474	(24,409,345)	54,228,129	(24,347,345)	54,322,027	93,898
78 76	86,388,486	(4,948,304)	81,440,181	(25,389,799)	56,050,382	(25,327,799)	56,144,901	94,519
79 77	89,413,444	(5,125,711)	84,287,733	(26,385,378)	57,902,354	(26,323,378)	57,997,507	95,153
80 78	92,483,697	(5,306,495)	87,177,202	(27,394,856)	59,782,346	(27,332,856)	59,878,145	95,799
81 79	95,593,690	(5,490,441)	90,103,249	(28,416,038)	61,687,211	(28,354,038)	61,783,668	96,458
82 80	98,736,828	(5,677,301)	93,059,526	(29,446,328)	63,613,198	(29,384,328)	63,710,329	97,130
83 81	101,905,533	(5,866,794)	96,038,739	(30,482,747)	65,555,992	(30,420,747)	65,653,808	97,816
84 82	105,091,129	(6,058,611)	99,032,518	(31,521,888)	67,510,630	(31,459,888)	67,609,147	98,516
85 83	108,283,641	(6,252,439)	102,031,202	(32,559,823)	69,471,379	(32,497,823)	69,570,609	99,230
86 84	111,476,477	(6,448,487)	105,027,990	(33,593,769)	71,434,221	(33,531,769)	71,534,179	99,959
87 85	114,678,457	(6,628,237)	108,050,220	(34,634,596)	73,415,623	(34,572,596)	73,516,325	100,702
88 86	117,938,732	(6,804,771)	111,133,961	(35,696,667)	75,437,294	(35,634,667)	75,538,753	101,460
89 87	121,253,025	(6,983,133)	114,269,893	(36,776,186)	77,493,707	(36,714,186)	77,595,940	102,233
90 88	124,619,556	(7,163,142)	117,456,414	(37,872,443)	79,583,971	(37,810,443)	79,686,993	103,022
91 89	127,947,212	(7,338,599)	120,608,613	(38,951,404)	81,657,209	(38,928,404)	81,722,035	64,826
92 90	131,455,972	(7,525,703)	123,930,269	(40,094,510)	83,835,760	(40,071,510)	83,901,407	65,647
93 91	135,030,079	(7,715,309)	127,314,770	(41,259,042)	86,055,728	(41,236,042)	86,122,212	66,484
94 92	138,670,449	(7,907,430)	130,763,019	(42,445,288)	88,317,731	(42,422,288)	88,385,069	67,338
95 93	142,378,440	(8,102,111)	134,276,329	(43,653,698)	90,622,631	(43,630,698)	90,690,840	68,209
96 94	146,167,733	(8,300,378)	137,867,355	(44,889,255)	92,978,100	(44,866,255)	93,047,197	69,098
97 95	150,042,905	(8,502,507)	141,540,399	(46,153,603)	95,386,795	(46,130,603)	95,456,799	70,004
98 96								

*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance.
 **Debts and expenses = mortgages, loans, final expenses (with inflation adjustments), and estimated estate administration costs.
 *** May include insurance held outside of the estate.
 ****The Credit Shelter Trust is funded with the smaller of the current year Unified Tax Credit Equivalent or separate property plus 1/2 community property. Expenses reduced on trust assets.

It is assumed that both deaths occur at each age illustrated.

Future Estate Costs Graph

Sample Plan - TOTAL Cash-Flow-Based Planning

Deaths in same year - Allen dies first.

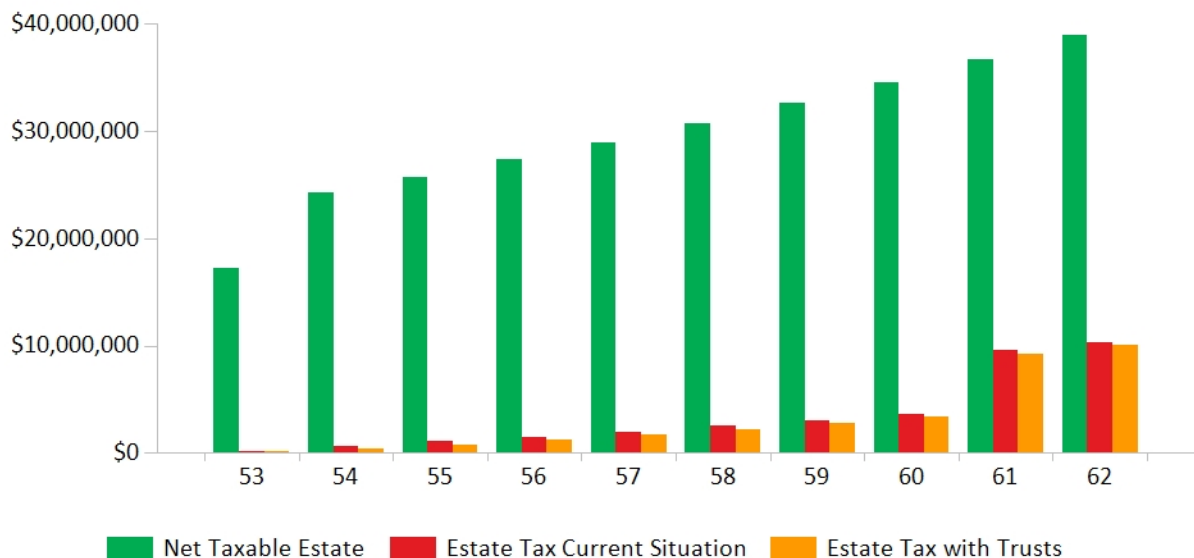
Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act, which went into effect at the end of 2017, includes a provision that temporarily doubles the estate exclusion amount. The new exclusion allows up to \$11,200,000 to be transferred before being taxed at 40% estate rate. The provision is set to expire in 2026, at which point the exclusion will return to \$5,600,000.

An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$11,200,000 per person in 2018). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated estate tax exposure (red) and your estate remainder after taxes (green) at each year end.

Future Estate Taxes - Allen Dies First



Age	Retirement Capital*	Debts & Expenses	Net Taxable Estate	Exclusion Amount	Estimated Estate Tax
53	\$24,440,650	(\$7,265,732)	\$17,174,918	\$22,400,000	
54	25,914,236	(1,657,057)	24,257,179	22,848,000	(660,040)
55	27,482,999	(1,736,595)	25,746,404	23,304,960	(1,075,157)
56	29,145,547	(1,821,201)	27,324,346	23,771,059	(1,522,150)
57	30,869,822	(1,909,134)	28,960,687	24,246,480	(1,988,818)
58	32,701,866	(2,002,918)	30,698,948	24,731,410	(2,492,497)
59	34,688,578	(2,105,124)	32,583,454	25,226,038	(3,050,842)
60	36,801,050	(2,214,202)	34,586,848	25,730,559	(3,652,833)
61	38,992,893	(2,327,663)	36,665,230	13,122,585	(9,529,866)
62	41,396,528	(2,452,730)	38,943,798	13,385,037	(10,338,853)

*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance. Net of bequests.

Future Estate Costs

Sample Plan - TOTAL Cash-Flow-Based Planning

Deaths in same year - Betty dies first.

Ages	Assets & Insurance* (net of bequests)	Debts & Expenses** (after both deaths)	Net Estate	Current Situation		Credit Shelter Trust and Irrev. Life Ins. Trust ****		Gain with Trusts
				Estate Tax	To Heirs	Estate tax	To Heirs	
53 51	\$23,996,502	(\$7,246,633)	\$16,749,868	\$0	\$16,977,917	\$0	\$17,121,817	\$143,900
54 52	25,443,309	(1,646,727)	23,796,581	(475,801)	23,320,781	(213,801)	23,582,781	262,000
55 53	26,983,563	(1,721,077)	25,262,486	(881,590)	24,380,896	(619,590)	24,642,896	262,000
56 54	28,615,899	(1,799,723)	26,816,175	(1,318,881)	25,497,294	(1,056,881)	25,759,294	262,000
57 55	30,308,839	(1,880,872)	28,427,967	(1,775,730)	26,652,237	(1,513,730)	26,914,237	262,000
58 56	32,107,590	(1,966,958)	30,140,633	(2,269,171)	27,871,461	(2,007,171)	28,133,461	262,000
59 57	34,058,199	(2,060,456)	31,997,743	(2,816,558)	29,181,185	(2,554,558)	29,443,185	262,000
60 58	36,132,282	(2,159,712)	33,972,571	(3,407,122)	30,565,448	(3,145,122)	30,827,448	262,000
61 59	38,284,293	(2,262,102)	36,022,191	(9,272,650)	26,749,541	(9,010,650)	27,011,541	262,000
62 60	40,644,248	(2,374,742)	38,269,507	(10,069,136)	28,200,371	(9,807,136)	28,462,371	262,000
63 61	43,154,584	(2,494,333)	40,660,251	(10,920,944)	29,739,307	(10,658,944)	30,001,307	262,000
64 62	45,580,058	(2,604,744)	42,975,313	(11,740,390)	31,234,923	(11,578,390)	31,396,923	162,000
65 63	48,176,630	(2,730,875)	45,445,756	(12,619,856)	32,825,899	(12,557,856)	32,887,899	62,000
66 64	50,556,353	(2,844,025)	47,712,328	(13,415,600)	34,296,727	(13,353,600)	34,358,727	62,000
67 65	53,039,183	(2,957,462)	50,081,721	(14,250,255)	35,831,466	(14,188,255)	35,893,466	62,000
68 66	55,617,427	(3,074,468)	52,542,959	(15,119,385)	37,423,573	(15,057,385)	37,485,573	62,000
69 67	58,370,840	(3,199,335)	55,171,505	(16,053,132)	39,118,373	(15,991,132)	39,180,373	62,000
70 68	61,282,693	(3,330,999)	57,951,694	(17,045,182)	40,906,512	(16,983,182)	40,968,512	62,000
71 69	64,107,116	(3,472,279)	60,634,838	(17,996,014)	42,638,824	(17,934,014)	42,700,824	62,000
72 70	66,991,744	(3,627,415)	63,364,329	(18,962,936)	44,401,393	(18,900,936)	44,463,393	62,000
73 71	69,961,625	(3,786,207)	66,175,418	(19,960,000)	46,215,418	(19,898,000)	46,277,418	62,000
74 72	73,035,329	(3,950,339)	69,084,991	(20,993,909)	48,091,081	(20,931,909)	48,153,081	62,000
75 73	76,213,907	(4,119,832)	72,094,075	(22,065,025)	50,029,050	(22,003,025)	50,091,050	62,000
76 74	79,027,144	(4,268,596)	74,758,547	(22,995,646)	51,762,901	(22,933,646)	51,824,901	62,000
77 75	81,895,949	(4,419,910)	77,476,038	(23,944,771)	53,531,267	(23,882,771)	53,593,267	62,000
78 76	84,818,589	(4,573,560)	80,245,029	(24,911,738)	55,333,291	(24,849,738)	55,395,291	62,000
79 77	87,788,575	(4,729,198)	83,059,378	(25,894,036)	57,165,341	(25,832,036)	57,227,341	62,000
80 78	90,803,034	(4,886,513)	85,916,521	(26,890,583)	59,025,937	(26,828,583)	59,087,937	62,000
81 79	93,856,511	(5,045,119)	88,811,392	(27,899,295)	60,912,097	(27,837,295)	60,974,097	62,000
82 80	96,942,530	(5,204,551)	91,737,979	(28,917,709)	62,820,270	(28,855,709)	62,882,270	62,000
83 81	100,053,651	(5,364,271)	94,689,381	(29,943,004)	64,746,377	(29,881,004)	64,808,377	62,000
84 82	103,181,358	(5,523,646)	97,657,712	(30,971,965)	66,685,746	(30,909,965)	66,747,746	62,000
85 83	106,315,854	(5,681,910)	100,633,944	(32,000,920)	68,633,024	(31,938,920)	68,695,024	62,000
86 84	109,450,668	(5,838,141)	103,612,526	(33,027,584)	70,584,943	(32,965,584)	70,646,943	62,000
87 85	112,594,459	(6,011,822)	106,582,637	(34,047,563)	72,535,073	(33,985,563)	72,597,073	62,000
88 86	115,795,487	(6,195,224)	109,600,263	(35,083,188)	74,517,075	(35,021,188)	74,579,075	62,000
89 87	119,049,551	(6,382,842)	112,666,709	(36,134,912)	76,531,797	(36,072,912)	76,593,797	62,000
90 88	122,354,904	(6,574,668)	115,780,236	(37,201,971)	78,578,264	(37,139,971)	78,640,264	62,000
91 89	125,622,087	(6,766,995)	118,855,093	(38,249,996)	80,605,097	(38,226,996)	80,628,097	23,000
92 90	129,067,085	(6,967,561)	122,099,524	(39,362,211)	82,737,312	(39,339,211)	82,760,312	23,000
93 91	132,576,241	(7,172,925)	125,403,316	(40,494,460)	84,908,856	(40,471,460)	84,931,856	23,000
94 92	136,150,456	(7,383,179)	128,767,276	(41,646,991)	87,120,285	(41,623,991)	87,143,285	23,000
95 93	139,791,063	(7,598,432)	132,192,631	(42,820,219)	89,372,413	(42,797,219)	89,395,413	23,000
96 94	143,511,496	(7,819,153)	135,692,343	(44,019,251)	91,673,092	(43,996,251)	91,696,092	23,000
97 95	147,316,246	(8,045,570)	139,270,676	(45,245,714)	94,024,962	(45,222,714)	94,047,962	23,000
98 96								

*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance.
 **Debts and expenses = mortgages, loans, final expenses (with inflation adjustments), and estimated estate administration costs.
 *** May include insurance held outside of the estate.
 ****The Credit Shelter Trust is funded with the smaller of the current year Unified Tax Credit Equivalent or separate property plus 1/2 community property.

It is assumed that both deaths occur at each age illustrated.

Future Estate Costs Graph

Sample Plan - TOTAL Cash-Flow-Based Planning

Deaths in same year - Betty dies first.

Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act, which went into effect at the end of 2017, includes a provision that temporarily doubles the estate exclusion amount. The new exclusion allows up to \$11,200,000 to be transferred before being taxed at 40% estate rate. The provision is set to expire in 2026, at which point the exclusion will return to \$5,600,000.

An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$11,200,000 per person in 2018). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated estate tax exposure (red) and your estate remainder after taxes (green) at each year end.

Future Estate Taxes - Betty Dies First



Age	Retirement Capital*	Debts & Expenses	Net Taxable Estate	Exclusion Amount	Estimated Estate Tax
51	\$23,996,502	(\$7,246,633)	\$16,749,868	\$22,400,000	
52	25,443,309	(1,646,727)	23,796,581	22,848,000	(475,801)
53	26,983,563	(1,721,077)	25,262,486	23,304,960	(881,590)
54	28,615,899	(1,799,723)	26,816,175	23,771,059	(1,318,881)
55	30,308,839	(1,880,872)	28,427,967	24,246,480	(1,775,730)
56	32,107,590	(1,966,958)	30,140,633	24,731,410	(2,269,171)
57	34,058,199	(2,060,456)	31,997,743	25,226,038	(2,816,558)
58	36,132,282	(2,159,712)	33,972,571	25,730,559	(3,407,122)
59	38,284,293	(2,262,102)	36,022,191	13,122,585	(9,272,650)
60	40,644,248	(2,374,742)	38,269,507	13,385,037	(10,069,136)

*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance. Net of bequests.

Estate Planning Concept Illustrations

Sample Plan - TOTAL Cash-Flow-Based Planning

The following Estate Planning report pages are provided to illustrate various conceptual planning techniques that might be considered for present or future use.

The estate reports illustrate several techniques that might be considered in a more extensive analysis, but is by no means comprehensive. Although these concepts have been used in the past, their applicability will be subject to the results of possible changes in estate taxation decisions made by Congress going forward.

The present estate tax situation is described below:

Year	Exemption amount	Highest rate
2010	Estate tax repealed*	0%
2011	5,000,000	35%
2012	5,120,000	35%
2013	5,250,000	40%
2014	5,340,000	40%
2015	5,430,000	40%
2016	5,450,000	40%
2017	5,490,000	40%

Unless Congress makes changes, the estate tax will remain as it is in 2018 with indexing adjustments each year until 2026. In 2026, the estate exemption is scheduled to halve, potentially dramatically increasing the amount of estate tax due.

At present when an heir receives property from an estate, the property takes a "stepped up basis", protecting the heir from income tax on appreciation that occurred prior to the estate settlement.

An import concept in estate planning is portability. This means that the second spouse to die has full access to any applicable estate credit not used at the death of the first spouse.

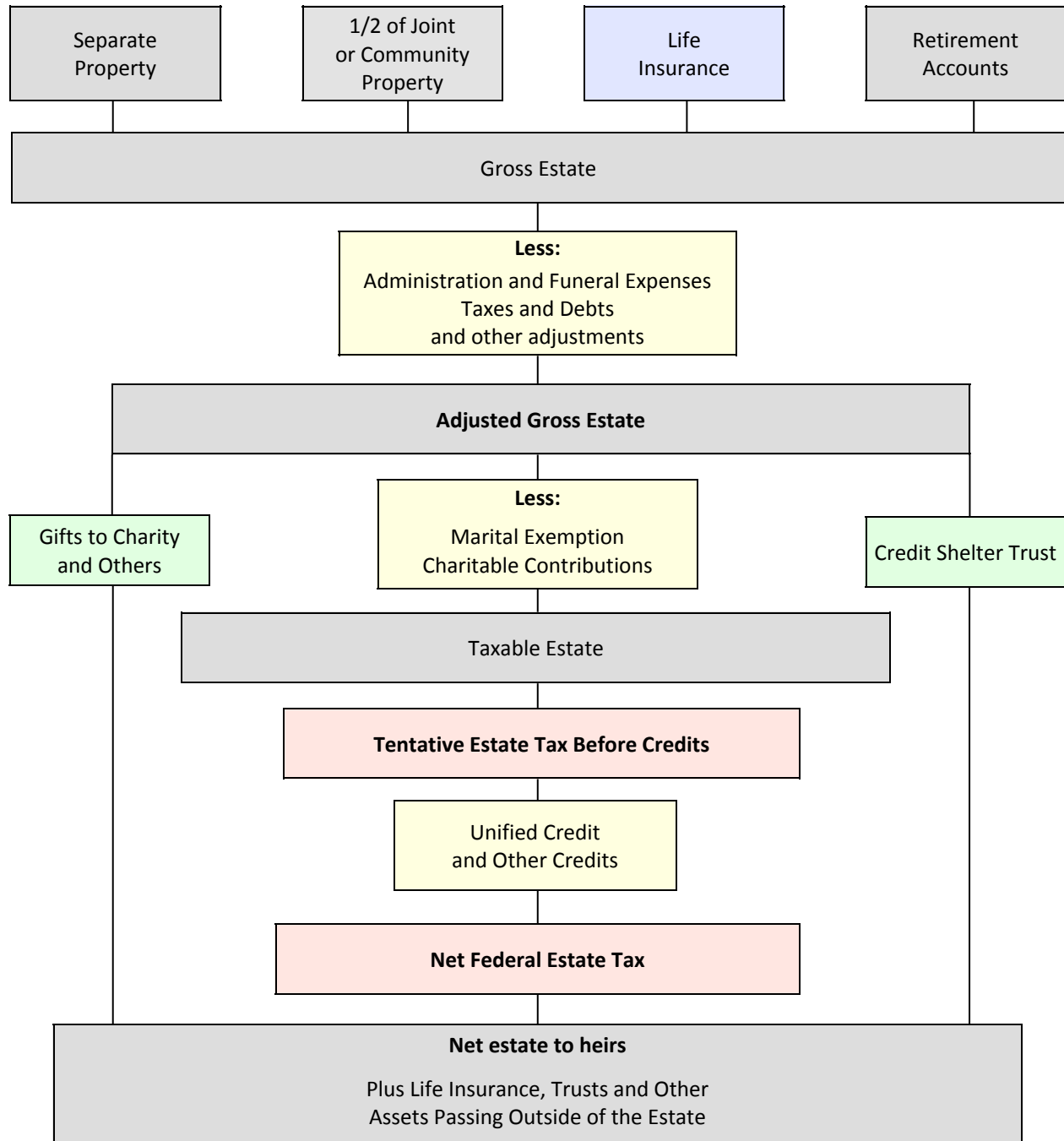
It is still possible Congress will make additional changes to the situation described above. For this reason it is suggested that a separate analysis of your estate planning be considered only if it appears that your situation might benefit from more in-depth analysis and planning. Please recognize that any estate suggestions made now could require total revision depending on future changes in the estate tax laws enacted in the next few years.

Calculating Estate Taxes

Sample Plan - TOTAL Cash-Flow-Based Planning

(Concept illustration)

Illustrating a typical process for computing estate taxes.



Gift Program

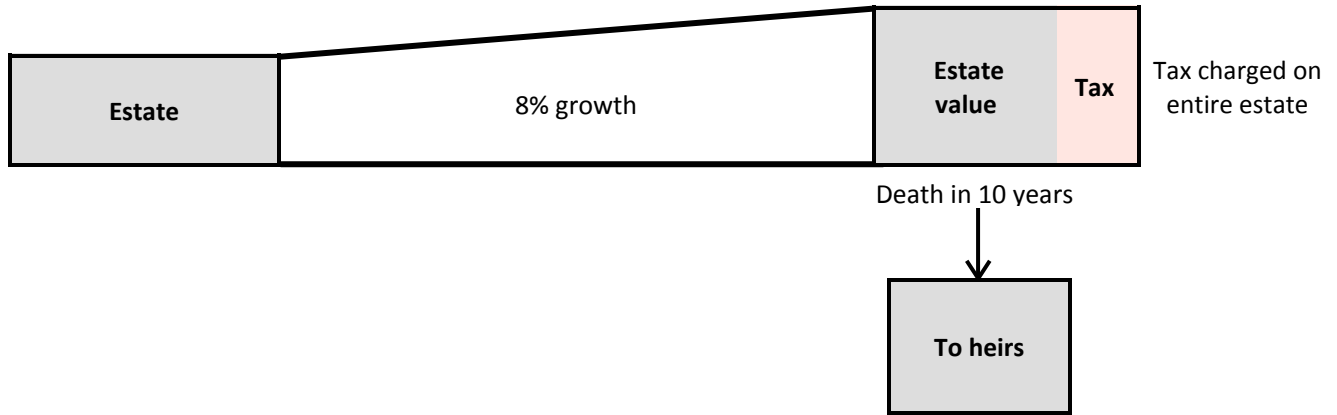
Sample Plan - TOTAL Cash-Flow-Based Planning

(Concept illustration)

A significant benefit of making tax free gifts from your estate is the ability to avoid estate taxes on the future appreciation of the property gifted.

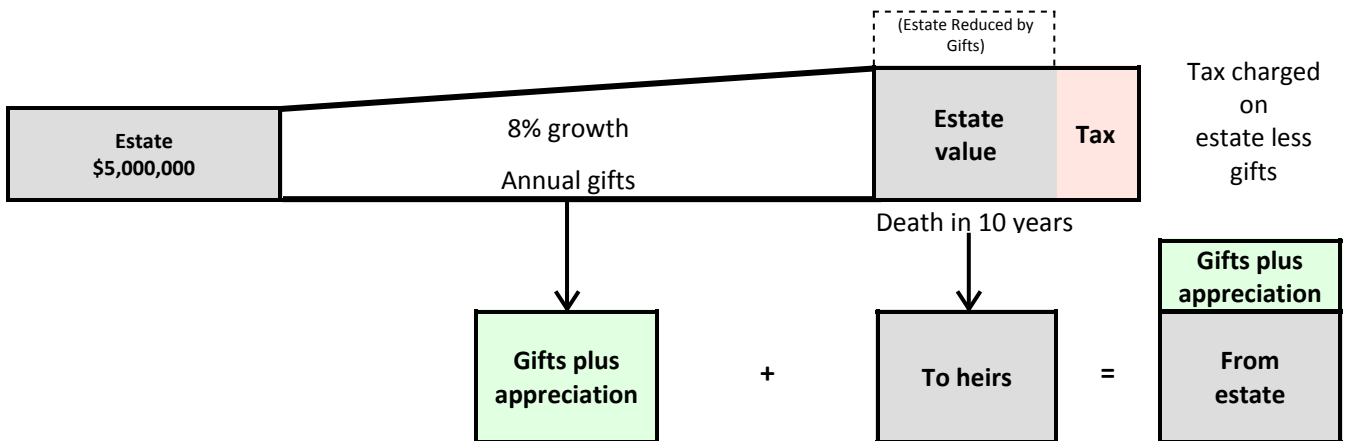
No Gift Program

Entire estate taxed upon death.



Annual Gift Program

Gifts made during the donors lifetime (\$15,000 per person or \$30,000 joint for a married couple*) times the number of heirs, will bypass estate and gift tax on the amount given and on the appreciation on the gifts.



The ability to gift assets to donees without payment of gift or estate taxes can substantially increase the future values available to heirs. When the \$5,000,000 estate described above is compared without and with a program of giving \$28,000 per year for 10 years, the savings in estate taxes increases the future benefit to heirs from \$10,804,720 to \$10,975,470, an increase of \$170,750.

Note: The current estate tax rules and probable future changes could dramatically affect a gifting program either positively or negatively.

**2018 amounts are shown. Allowable amount for gifting is scheduled to increase in future years.*

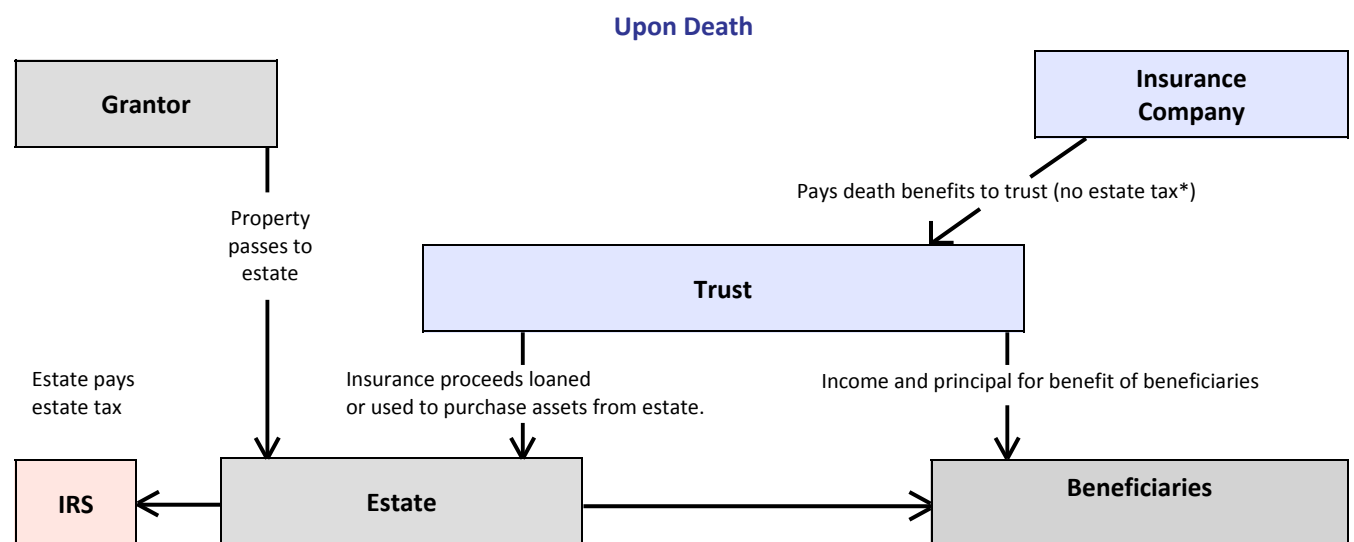
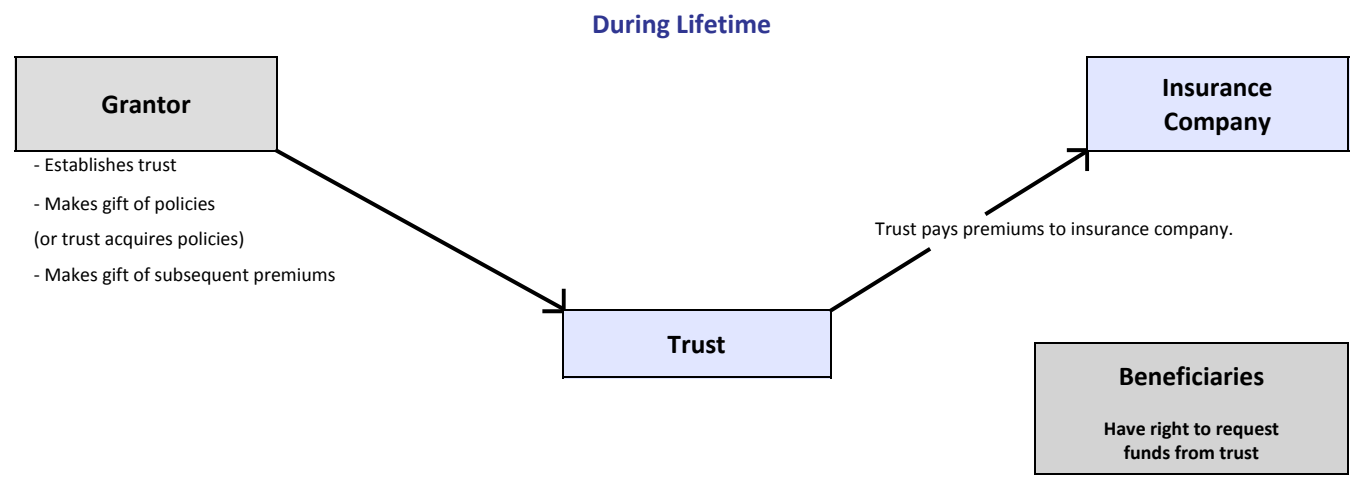
Irrevocable Life Insurance Trust (ILIT)

Sample Plan - TOTAL Cash-Flow-Based Planning

(Concept illustration)

The Irrevocable Life Insurance Trust (ILIT) is a basic and useful tool for estate planning. When an ILIT is funded with life insurance it may accomplish multiple objectives.

- Provide income for a family
- Provide funds for estate settlements costs
- Avoid increasing estate taxes
- Avoid probate costs
- Provide for management of assets
- Maintain confidentiality
- Take advantage of gift tax laws
- Help provide a minimal drain on present funds



* If existing policies are gifted to trust, insured must live 3 years to avoid tax.

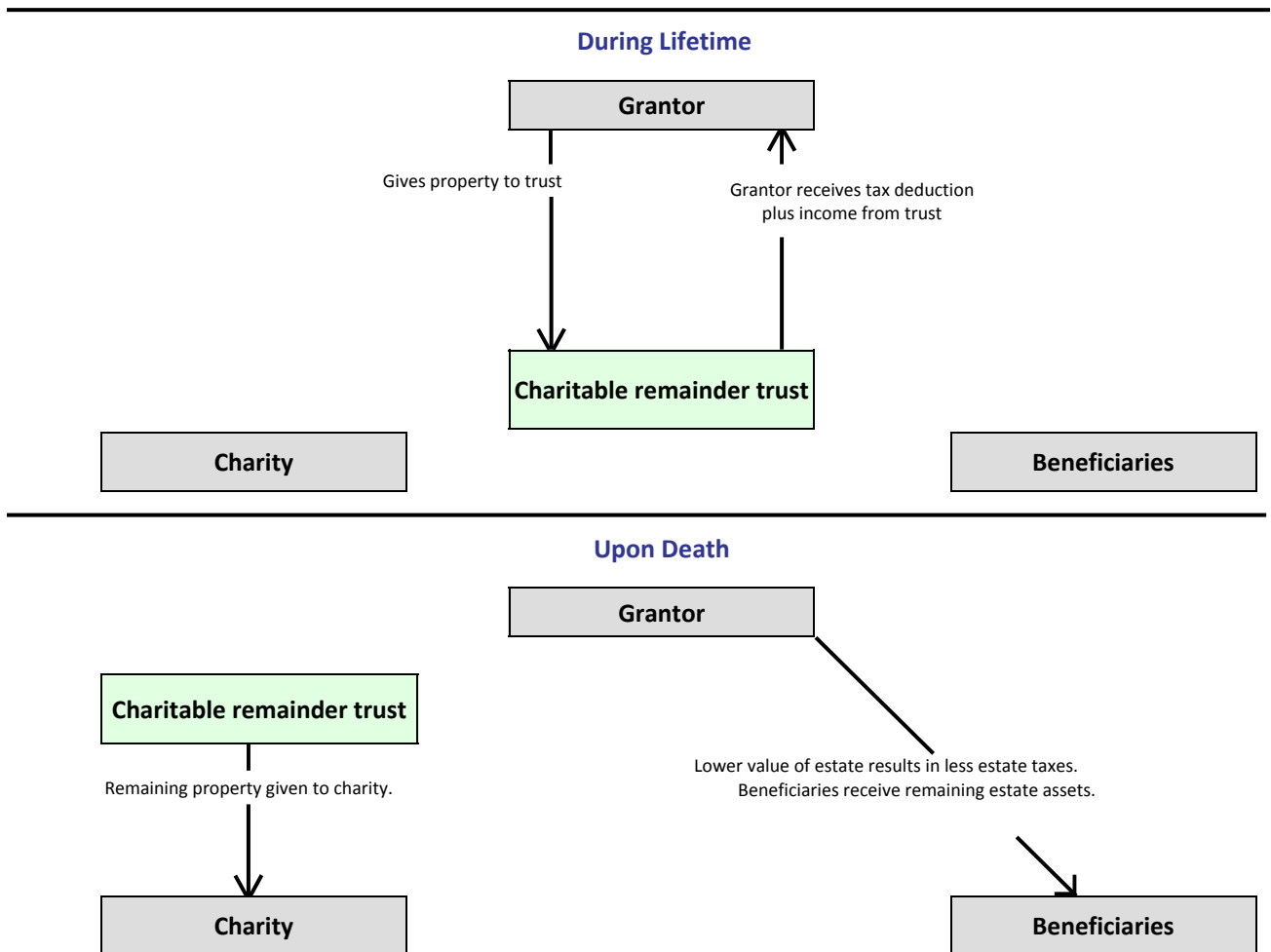
Charitable Remainder Trust (CRT)

Sample Plan - TOTAL Cash-Flow-Based Planning
(Concept illustration)

Using a charitable remainder trust, an individual makes a substantial deferred gift to a charity while retaining the right to receive payments from the trust. The use of such a trust can have multiple tax and non-tax advantages, particularly when the gift is in the form of appreciated property.

Some of the potential benefits:

- Immediate reduction in income taxes
- Increased cash flow
- Avoidance of capital gains upon sale of the asset
- Eventual reduction of estate taxes
- Satisfaction of benefiting a favored charity

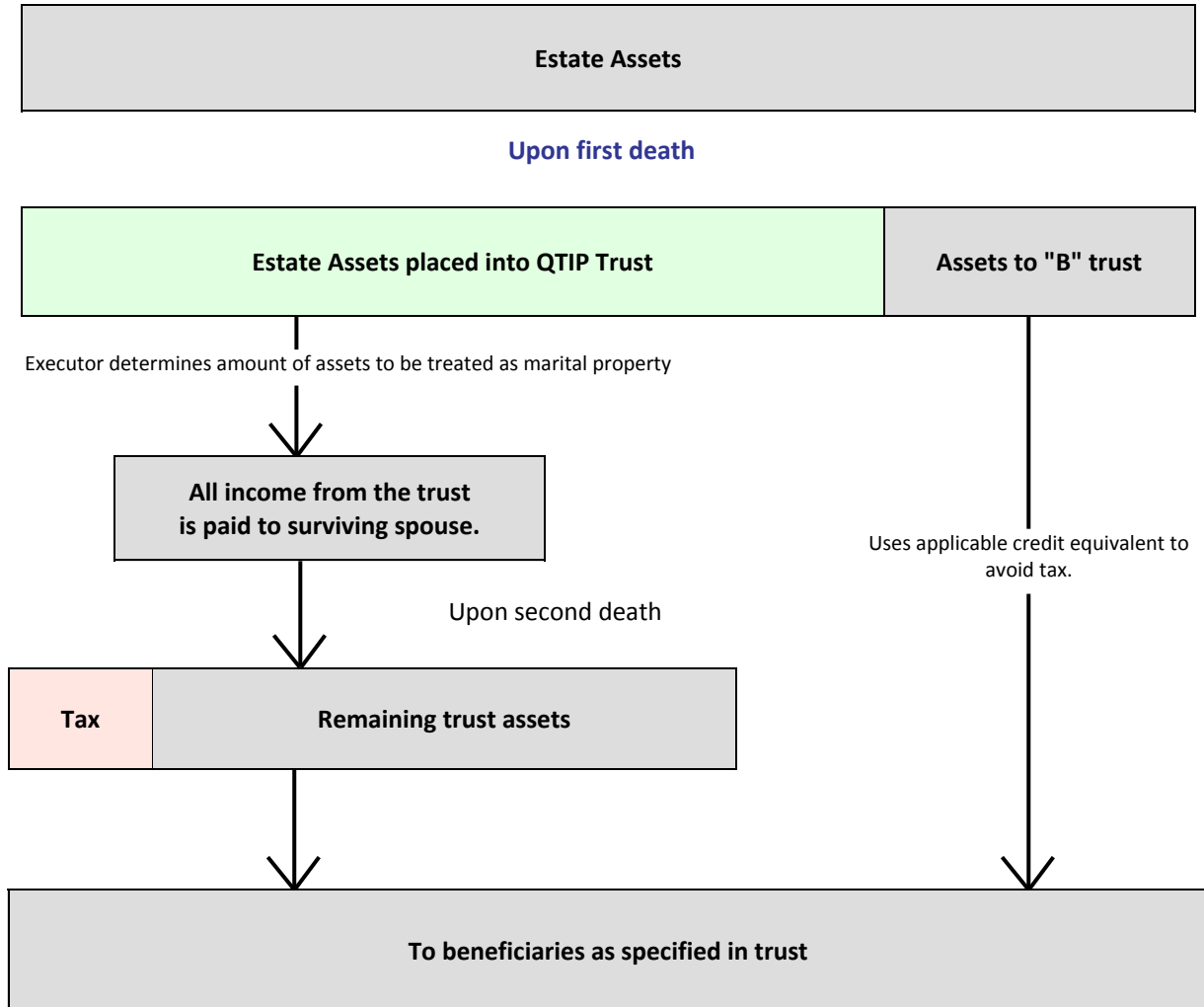


The charitable trust is sometimes referred to as a double win trust. The grantor wins by receiving an immediate tax deduction based on the present value of the charity's remainder interest. The grantor also receives income, either as a fixed annual amount in the form of an "annuity trust" or as a percent of the trust value as a "unitrust". The charity wins by receiving the remaining assets in the trust when the grantor dies.

Qualified Terminal Interest Trust (QTIP)

Sample Plan - TOTAL Cash-Flow-Based Planning
 (Concept illustration)

The Qualified Terminable Interest Trust (QTIP) is designed to reduce taxes through the use of the marital deduction, yet control who will eventually receive the property upon the death of the surviving spouse.



In order to qualify for this treatment the executor must make an irrevocable election to have the marital deduction apply to property placed in the trust. This gives the executor the power to determine how much, if any, of the estate will be taxed at the first death, and also provides flexibility for post death planning.

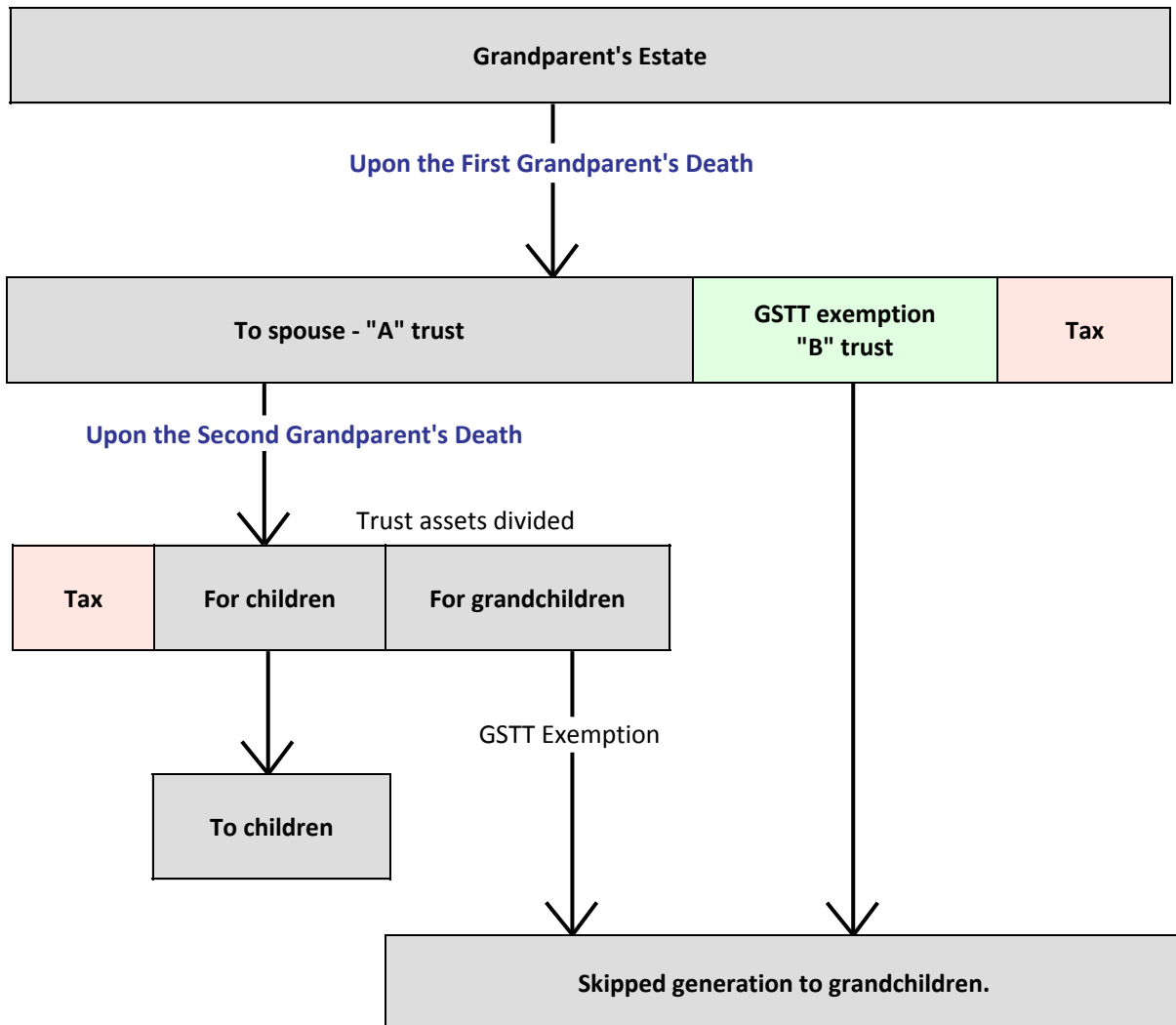
Note: The scheduled estate tax changes and probable additional future revisions in the estate tax laws will likely impact the above illustration.

Generation-Skipping Transfers

Sample Plan - TOTAL Cash-Flow-Based Planning
 (Concept illustration)

The Federal estate tax system is designed to tax property as it is passed from one generation to the next. The generation-skipping transfer tax (GSTT) is intended to prevent wealthy families from reducing estate taxes by skipping one or more generations in the passage of their assets.

The GSTT is paid in addition to the normal estate or gift tax, and is applied when property is transferred to a person two or more generations younger than the transferor.



Although the benefits of using the GSTT transfer techniques can be substantial for larger estates, its complexity would indicate that careful and thorough planning with qualified counsel is required in order to avoid unexpected tax consequences.

Note: The scheduled estate tax changes and probable additional future revisions in the estate tax laws will likely impact the above illustration.

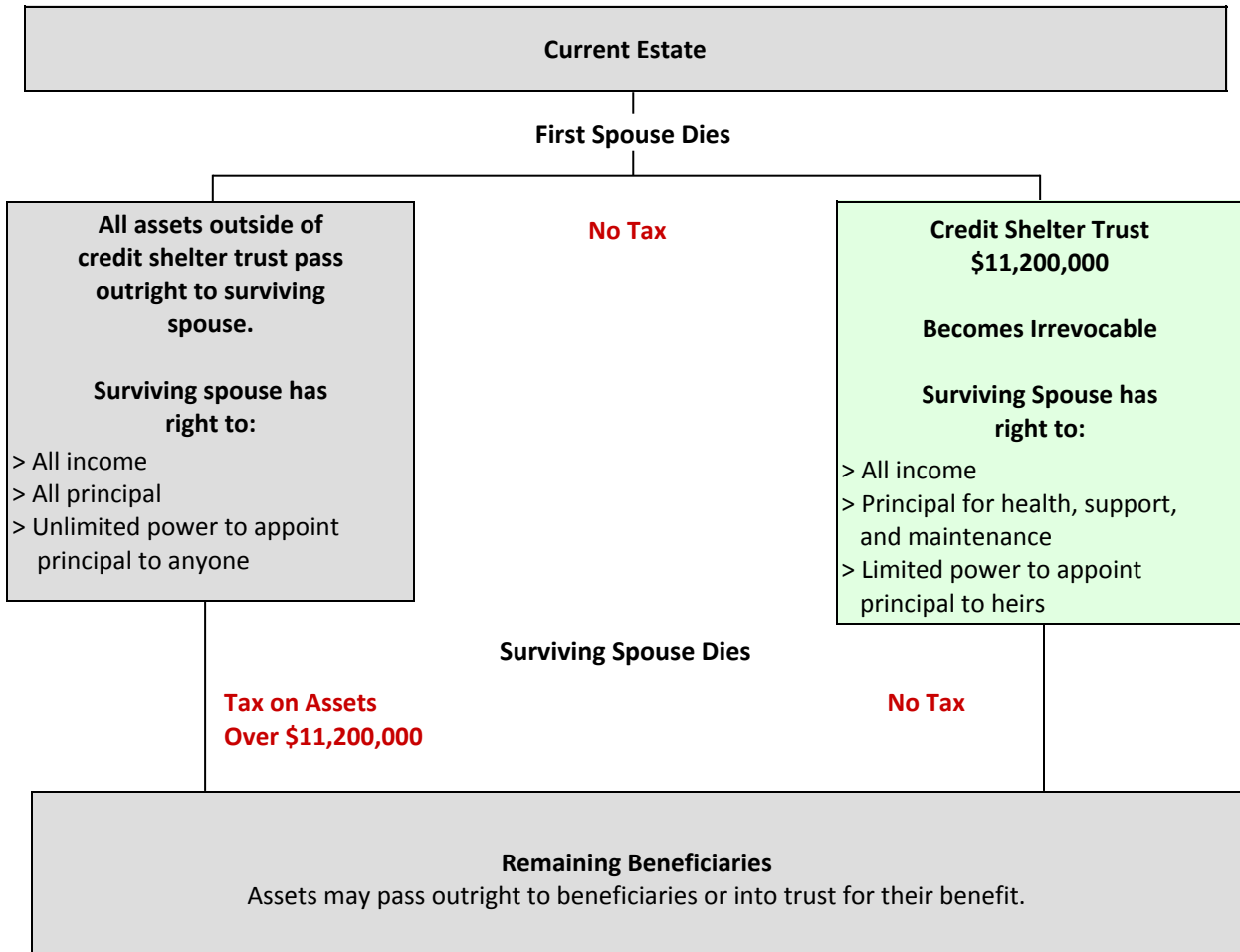
Credit Shelter Trust

Sample Plan - TOTAL Cash-Flow-Based Planning
(Concept illustration)

A credit shelter trust is a device used to minimize estate taxes at the passing of each spouse by using the applicable exclusion amount. It allows the surviving spouse use and access to the assets of the deceased spouse.

The amount of the estate exclusion varies depending on the year of death. Under current rules, an inflation index is applied annually to the applicable credit exclusion amount. This estate exemption is now permanently portable between spouses.

<u>Year</u>	<u>Exclusion</u>	<u>Taxes saved</u>
2014	5,340,000	2,081,800
2015	5,430,000	2,117,800
2016	5,450,000	2,125,800
2017	5,490,000	2,141,800
2018	11,200,000	4,425,800

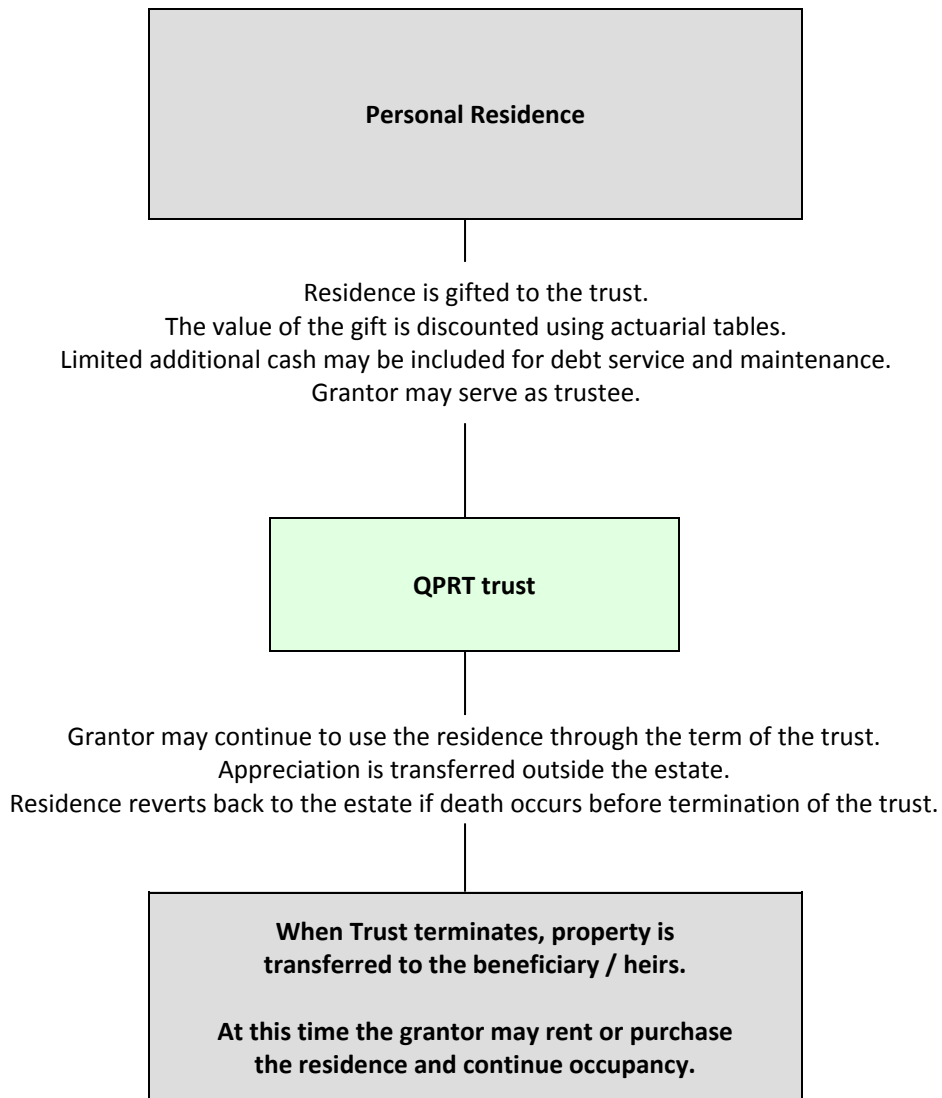


Qualified Personal Residence Trust (QPRT)

Sample Plan - TOTAL Cash-Flow-Based Planning

(Concept illustration)

The QPRT is created by transferring a residence, or second home, into a split interest trust for a specific period of time, typically between 10 and 20 years. The advantages of the trust arrangement include transfer of the property at a low gift tax value and shifting future appreciation out of the grantors estate, providing he or she lives until the end of the term.



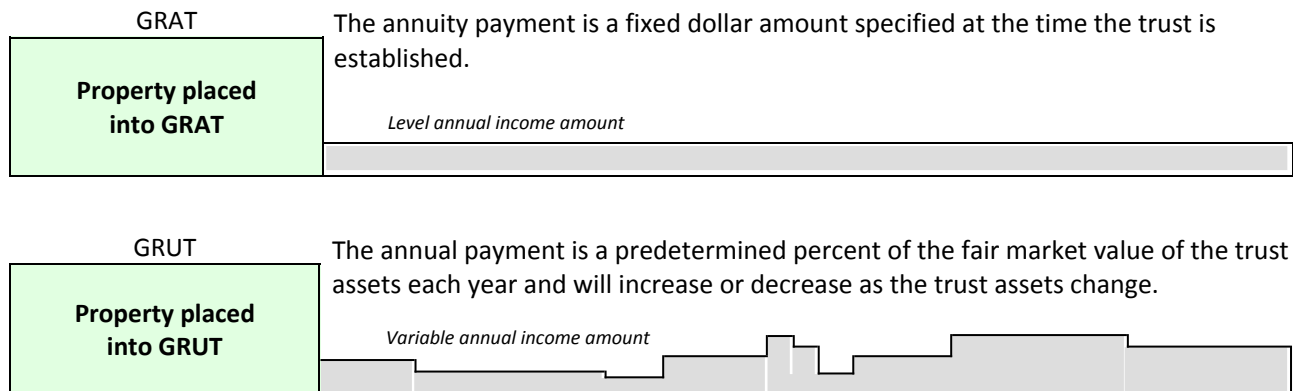
The trust may include a contingent reversionary interest, which will cause the residence to revert back to the estate in case of death before the end of the term. With this provision the grantor could utilize the marital deduction by passing the residence to a surviving spouse, postponing the estate tax and causing the trust to be classified as a "grantor trust". This would allow the grantor to deduct property taxes and mortgage interest on his own tax return during the term of the trust.

Grantor Retained Trusts (GRT)

Sample Plan - TOTAL Cash-Flow-Based Planning
(Concept illustration)

The Grantor Retained Trust is a device that can leverage gifts between generations. By placing property into the trust, future appreciation on the property is not included in the grantors estate, but the grantor retains an income interest in the property. The property is treated as a gift subject to gift taxes, however, the terms of the trust result in a discount to the gift value, effectively reducing the value of the gift to be reported.

Two types of trusts are commonly used - Grantor Retained Annuity Trust (GRAT) and Grantor Retained Unitrust (GRUT).



Advantages

GRAT

- Reduce transfer tax cost.
- Removal of future appreciation from estate.
- Continued receipt of the income generated by the property in the trust.

GRUT

- Reduce transfer tax cost.
- Removal of future appreciation from estate.
- A hedge against inflation. (If the assets increase in value, the income increases)
- Additional contributions allowed.

Disadvantages

- Assets belong to the trust.
- Inclusion in Gross Estate. (If grantor dies prior to termination trust).
- Additional contributions prohibited.
- No allocation of Generation Skipping Tax until end of trust term.

- Assets belong to the trust.
- Inclusion in Gross Estate. (If grantor dies prior to termination trust).
- Unstable income stream. (amount may increase or decrease)
- Annual valuation of trust assets required.
- No allocation of Generation Skipping Tax until end of trust term.

The term of a GRAT or GRUT may be for the life of the grantor, for a specified term of years or for the shorter of the two periods. If a GRAT is selected and the grantor dies before the trust terminates, some or all of the advantages of the trust arrangement may be lost. For this purpose it may be wise to select a short trust term and then repeat the trust - sometimes referred to as "re-GRATing."

As there are many complex consideration involved in determining the most effective selection, it is very important that the options be carefully reviewed with your financial advisor, accountant and legal counsel.

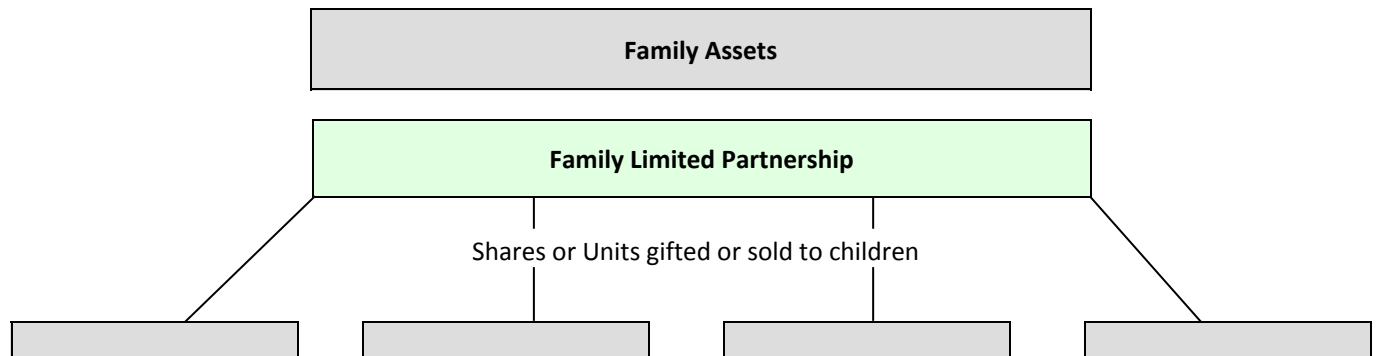
Family Limited Partnership (FLP)

Sample Plan - TOTAL Cash-Flow-Based Planning

(Concept illustration)

A family partnership is an unincorporated entity created by the transfer of property from one or more individuals for the common benefit of family members. Generally the objective of a FLP is minimizing estate and gift taxes.

In a typical situation the parents transfer assets to a family partnership in exchange for partnership shares or units. This is generally a tax-free event. Partnership interests are then gifted or sold to the children or to trusts established for the children's benefit.



Advantages

- Shift income and appreciation from higher tax bracket family members to those in lower brackets.
- Avoid corporate double taxation without use of an S Corporation structure.
- Allow step up of basis in partnership assets upon death of a partner.
- Divert appreciation of assets from older family members.
- Maintain control over assets.
- Facilitate a gifting program.
- Provide flexibility in managing resources.
- Avoid local probate.
- Avoid fractionalizing of title, particularly when real estate is involved.
- Provide protection from creditors.
- Maintain family control.
- Facilitate family communication.

Disadvantages

- Increased administration expenses.
- Real discounted value may inhibit ability to borrow or invest.
- Potential family disharmony if all participants do not agree.
- IRS scrutiny - when discounts are taken, the IRS may have a tendency toward closer examination.
- Difficult trust administration due to fiduciary obligations that might run counter to the grantor's wishes.
- Loss of basis step-up if IRS challenges the discounts and valuations.
- Liquidity concerns.
- Estate tax implications for closely held stock in the partnership.
- Operational formalities, if not closely followed may result in the partnership being disregarded.

From the partial list of advantages and disadvantages shown above, it should be obvious that undertaking a FLP is a serious consideration and will require an in depth degree of analysis and legal consideration.

Business Purpose Attack

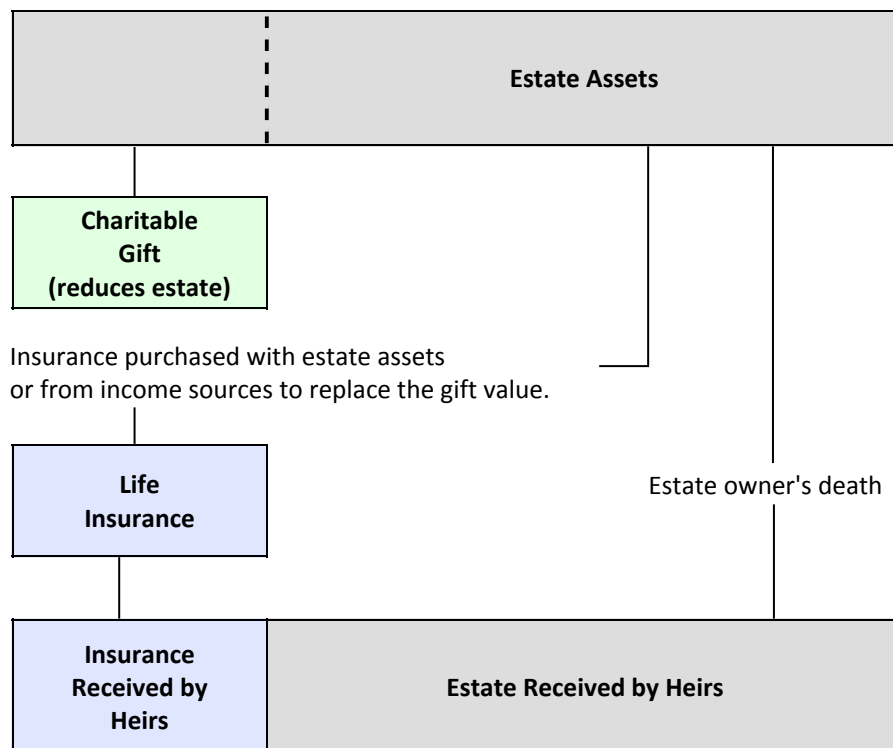
The IRS challenges many FLPs on the theory that the partnership lacks economic substance/business purpose and is merely an attempt to avoid taxation, especially if the property is valued at an excessive discount. It is critical that, if a FLP is used, you must have the proper motivation and financial and legal assistance.

Wealth Replacement Trust

Sample Plan - TOTAL Cash-Flow-Based Planning
(Concept illustration)

The "Wealth Replacement Trust" is a tool used to replace assets that have been removed from a family's estate when assets are gifted or otherwise disposed of in order to reduce the taxable estate. This can also be useful when there is a desire to assist a charitable institution, or to remove appreciated assets for income tax planning.

The vehicle used for this technique is a life insurance policy, typically some form of permanent insurance that will persist until the insured's life expectancy. The basic principal is that the policy benefits are used to replace the assets which were transferred out of the estate.



In order to avoid the insurance being included in the taxable estate it should either be owned by the beneficiary or be held in an Irrevocable Life Insurance Trust. If the charitable gift is in the form of a Charitable Remainder Trust, then an appropriate amount of the income received from the charitable trust could be gifted to the insurance trust to make the premium payments.

Because there are significant tax and financial ramifications, this technique should only be considered with assistance from appropriate financial and legal counsel. An additional consideration is the ability of the potential insured to satisfy the medical qualifications for the insurance protection.

Estate Planning Options - Allen dies first

Sample Plan - TOTAL Cash-Flow-Based Planning

Example Estate Estimates upon First Death:

Allen dies at age 65 in 2030

	<u>Before Planning</u>	<u>After Planning</u>
Separate property (\$888,875) plus shared property (\$12,977,674)	\$13,866,550	
Property value after Allen's gifts of \$1,557,655 (net cost to estate = \$1,561,612)		12,304,938
Allen's retirement plans	12,737,905	12,737,905
Allen's insurance (net of loans) (a)	97,500	97,500
Total Estate Estimate - Allen	\$26,701,955	\$25,140,343

Reductions to determine taxable estate estimate:

Debt (separate + half of joint or community property debt)	(44,685)	(44,685)
Final expenses	(21,890)	(21,890)
Credit Shelter Trust funded (d)		(6,948,404)
Administration and probate at 3.00% (net of debt, final exp. and insurance)	(796,136)	(749,288)
Allen's insurance in trust or otherwise not taxable in the estate (b)		(97,500)
Total Reductions	(862,712)	(7,861,768)
Net Estate in 2030	\$25,839,243	\$17,278,575

Example Estate Estimates upon Second Death:

Betty dies at age 63 in 2030

Net estate from Allen (\$25,839,243), plus Betty's property (\$22,306,371) (h)	48,145,614	
Assets (after gifts of \$10,847,565) and Allen's insurance (\$97,500) into ILIT		30,252,145
Betty's insurance (net of loans) payable to beneficiaries (a)	60,000	
Betty's insurance owned by ILIT or others		
Total Estate Estimate - Betty	\$48,205,614	\$30,312,145

Reductions to determine taxable estate estimate:

Debt	(44,685)	(44,685)
Final expenses	(21,890)	(21,890)
Administration and probate at 4.00% (net of debt, final expense and insurance)	(1,923,162)	(1,207,423)
Betty's insurance in ILIT or otherwise not taxable (b)		(60,000)
Total Reductions	(\$1,989,737)	(\$1,333,998)
Net Taxable Estate	\$46,215,877	\$28,978,146

Estimated Estate Tax **

Applicable Estate Tax Credit indexed at 2.00 (less \$40,000 credit already used.) (i)	5,504,246	2,779,084
Net Estimated Federal Estate Tax in 2030	(\$12,927,905)	(\$8,757,974)

Summary of Combined Estate Distributions:

To Heirs:***

	<u>Before Planning</u>	<u>After Planning</u>
Assets and insurance in Betty's estate including insurance from Allen	46,215,877	
Assets in Betty's estate after planning		28,978,146
Credit Shelter Trust assets to heirs		6,948,404
Living gifts to heirs		329,614
Betty's insurance in ILIT plus Allen's ILIT		
Insurance in ILIT after planning		157,500
Less estate taxes	(12,927,905)	(8,757,974)
Less estimated potential income tax on retirement accounts at 20% (k)	(4,413,320)	(4,413,320)
Total to Heirs	\$28,874,652	\$23,242,369

To Other Beneficiaries:

Living gifts made to other beneficiaries		10,483,995
Living gifts made to charity		30,000
Life insurance proceeds paid to other beneficiaries (j)		
Total to other beneficiaries		\$10,513,995
Total to all beneficiaries	\$28,874,652	\$33,756,364

Planning Difference **\$4,881,713**
16.91%

**Gifts and CST are limited to assets available reduced by debt, expenses and insurance. Some or all joint property may need to be retitled as separate property in order to fund the Credit Shelter Trust.*

***Assumes estate taxes after the year 2018 continue with indexing.*

****Insurance, gifts and CST assets are assumed to accumulate at the taxable asset after-tax rate of 0.74%.*

Notes to Estate Planning Options

Sample Plan - TOTAL Cash-Flow-Based Planning

(a) Life Insurance

This is the total amount of life insurance in force, including amounts that will not be taxed.

(b) Life Insurance in ILIT or otherwise excluded

Life insurance values shown here are not subject to the estate tax, either held in an Irrevocable Life Insurance Trust (ILIT), or excluded due to other ownership provisions. Caution - Existing insurance policies must be held for three or more years prior to assignment to an ILIT in order to be excluded from estate taxation. Insurance proceeds are assumed to appreciate at the after-tax rate on taxable assets. Group insurance is not included in the ILIT.

(c) Other reductions and discounts

These estimated reductions could include special valuation discounts for closely held business interests, family partnerships or certain other illiquid assets in the estate.

(d) Credit Shelter Trust

The amount of the available Unified Tax Credit will vary depending on the year of death. Future Unified Credit amounts have been indexed at 2.00% . Funds in the Credit Shelter Trust are grown at the after-tax rate on taxable assets of 0.74%. Under the current scenario, only assets held as separate property will be available for use in the Credit Shelter Trust. The trust amount has been reduced by the amount of prior credits used in the amount of \$40,000.

The After Planning scenario uses separate property plus half of joint property. Joint Property ownership may need to be revised in order to fully fund the credit shelter trust. The credit shelter will be funded with the lesser of the amount available to fund the Credit Shelter Trust, or the maximum allowable credit shelter amount.

(e) Gifts to Charity*

The amount shown is either outright gifts to charity, or the present value of a Charitable Remainder Annuity Trust (CRAT) or Charitable Remainder Unitrust (CRUT). If a Charitable Trust arrangement is used other benefits may be available in the form of continued income and potential income tax deductions.

(f) Gifts to Heirs*

This represents planned future gifts to heirs either as the maximum amount allowed by IRS or a specified dollar amount that is exempt from gift taxes, currently \$15,000 per recipient in 2018. Combined gifts from both spouses may allow the gift amount to be doubled.

(g) Gifts to others*

These are gifts made to entities other than your heirs, and treated as a reduction to your taxable estate. These funds will not be shown as a benefit to your heirs. The gift may require payment of gift taxes. Such taxes have not been estimated in this report.

(h) Asset Values projected

The estimated values received from the estate of Allen have been either increased based on asset growth and accumulation of additional funds or reduced by spending during the period between the first and second death. These values will be reduced to reflect the assets held in the Credit Shelter Trust.

(i) Applicable Estate Tax Credit

It is assumed that the Estate Taxes have been continued at 2018 levels by congress, including indexing of the exclusion amount at 2.00% per year.

(j) Life Insurance paid to Other than Heirs

Life insurance that is not payable to heirs is not included in the heirs final estate values.

(k) Tax on retirement accounts

This is an estimated tax which at some time would be payable by the heirs at their tax rate. There are various options that may minimize or defer payment of taxes.

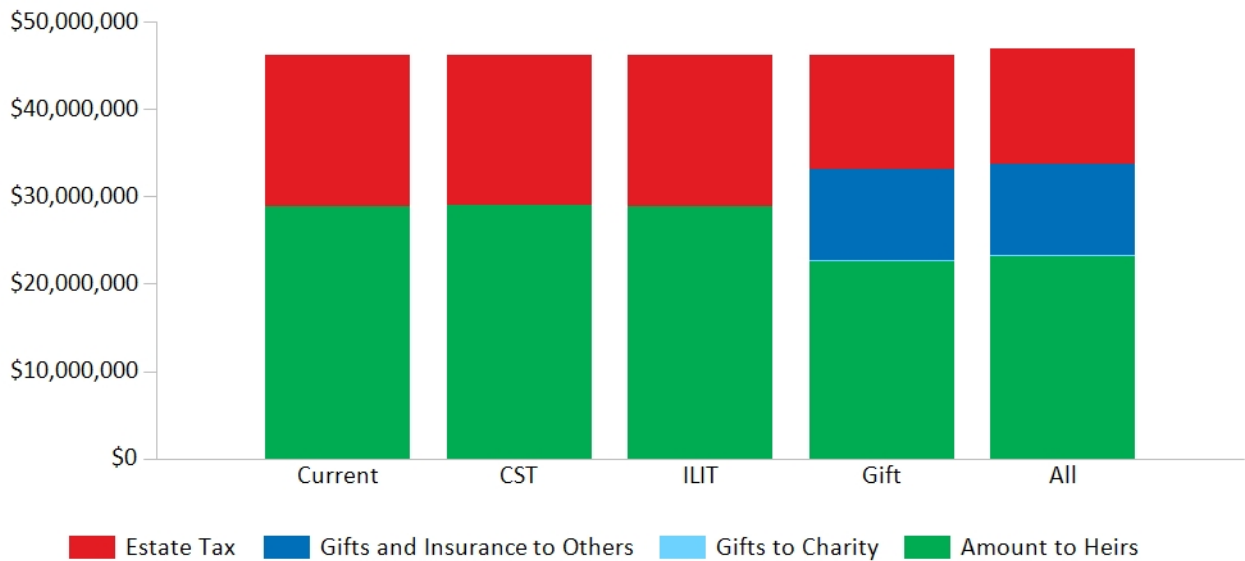
**Note: Gifts to charity or others based on a percent of estate is based on the amount of assets not including life insurance and net of debts.*

Estate Option Comparison

Sample Plan - TOTAL Cash-Flow-Based Planning

Various estate planning options illustrated result in different amounts received by the heirs, the IRS and, if elected, amounts gifted to charities, heirs or others. The amounts shown are estimates only and are subject to future change by Congress.

Estate Distribution Comparison



Estate Planning Results	Current Planning	Credit Shelter Trust	Life Insurance Trust	Gifts to Charity, Heirs, other	All Options
Assets and insurance paid to heirs	\$46,215,877	\$39,113,723	\$46,058,377	\$35,372,268	\$28,978,146
Credit Shelter Trust to heirs		7,102,154			6,948,404
Gifts to Heirs				329,614	329,614
Life Insurance Trust & not in estate			157,500		157,500
Gifts to Charity				30,000	30,000
Estate and retirement plan tax*	(\$17,341,225)	(\$17,225,525)	(\$17,278,225)	(\$13,002,199)	(\$13,171,295)
Total to Heirs	\$28,874,652	\$28,990,352	\$28,937,652	\$22,699,683	\$23,242,369
Total to all Beneficiaries	\$28,874,652	\$28,990,352	\$28,937,652	\$33,213,678	\$33,756,364
Planning Gain		\$115,700	\$63,000	\$4,339,026	\$4,881,713

Implementation of estate planning options as illustrated above should be based on careful consideration with your financial and legal advisors. The amounts and results shown are estimates only and actual results may differ substantially. No investment products or systems are represented in this illustration. Future Estate balances are hypothetical and are used for illustration purposes only.

*Columns do not total 100% due to asset increase or reduction with deaths occurring at different ages.

**Assumes estate taxes after the year 2018 continue with indexing.

Note: For source of numbers for Current and All Options refer to Estate Planning Options report.

Estate Options Assumptions

Sample Plan - TOTAL Cash-Flow-Based Planning

The following assumptions have been used to illustrate some of the estate planning options shown in the report.

	<u>Today's Dollars</u>	<u>Allen's age 65</u>	<u>Betty's age 63</u>
Assets prior to reduction by debts, gifts, trusts and expenses:			
Allen's separate property	\$707,000	\$888,875	\$888,875
Allen's retirement accounts	5,567,500	12,737,905	12,737,905
1/2 Joint or Community property	<u>5,699,200</u>	<u>12,977,674</u>	<u>12,977,674</u>
Total Assets	\$11,973,700	\$26,604,455	\$26,604,455
Less: Debts, final expenses and administration		<u>(\$862,712)</u>	<u>(\$862,712)</u>
Total for Allen	\$11,973,700	\$25,741,743	\$25,741,743
Betty's separate property			
Betty's retirement accounts	6,110,250	9,328,697	9,328,697
1/2 Joint or Community property	5,699,200	<u>12,977,674</u>	<u>12,977,674</u>
Total Assets	\$11,809,450	\$22,306,371	\$22,306,371
Less: Debts, final expenses and administration		<u>(\$1,989,737)</u>	<u>(\$1,989,737)</u>
Total for Betty	\$11,809,450	\$20,316,634	\$20,316,634

	<u>Face Amount Less Loans</u>	<u>At second death with growth</u>	
		<u>Before planning</u>	<u>After planning</u>
Insurance policies:			
Allen's life insurance:			
Self owned payable to heirs	\$97,500	\$97,500	
Group ins. to heirs			
ILIT or non-owned to heirs			97,500
ILIT or non-owned to non-heirs			
Self owned payable to non-heirs			
Total	<u>\$97,500</u>		
Betty's life insurance:			
Self owned payable to heirs	\$60,000	\$60,000	
Group ins. to heirs			
ILIT or non-owned to heirs			60,000
ILIT or non-owned to non-heirs			
Self owned payable to non-heirs			
Total	<u>\$60,000</u>		

	<u>Amount of gifts at first death</u>	<u>Cost of Gifts to the estate</u>
From the estate of Allen:		
Gifts to heirs starting at age 60 for 5 years:		
\$0 per year for 2 persons increased at 0.00% per year		
Maximum amount allowable for estate exclusion for 2 persons	180,000	183,957
Charitable gifts of \$10,000 plus 0.00% of assets	10,000	10,000
Gifts to others of \$0 plus 10.00% of assets	<u>1,367,655</u>	<u>1,367,655</u>
Gifts from Allen's estate	\$1,557,655	\$1,561,612

	<u>Gifts made at second death</u>
From the estate of Betty:	
Gifts to heirs starting at age 60 for 5 years	
\$0 per year for 2 persons increased at 0.00% per year	
Maximum amount allowable for estate exclusion for 2 persons	149,614
Charitable gifts of \$10,000 plus 0.00 percent of assets	10,000
Gifts to others of \$0 plus 10.00 percent of assets	4,798,600
Planned giving from the estate of the last to die:	
Charitable gifts of \$10,000 plus 0.00 percent of assets	10,000
Gifts to others of \$0 plus 10.00 percent of assets	<u>4,317,740</u>
Gifts from Betty's estate	\$9,285,954
Total Cost of Gifts	\$10,847,565

Other estate adjustments:

Discounts to asset values for illiquid holdings.	
Amount of Applicable Estate Tax Credit already used.	\$40,000

**Future values for gifts are increased at the annual rate indicated until the gift is made. Life insurance and Credit Shelter Trust assets are assumed to grow at the after-tax rate of return earned on taxable assets of 0.74%. Expenses and gifts paid from the first estate are compounded at the after tax rate of return to illustrate the lost potential earnings on the assets for comparison purposes.*

Gifts are made only from separate and jointly owned assets plus insurance proceeds. No gifts are made from retirement plan assets to avoid undesirable tax consequences.

Estate Personal Assets

Sample Plan - TOTAL Cash-Flow-Based Planning

Ages		Residence \$2,332,000 2.00%	Personal Property \$269,600 -1.02%	Jewelry & Furs	Art & Antiques	Autos	RV's & Boats	Other	Total Personal Assets \$2,601,600
		1	2	3	4	5	6	7	8
53	51	\$2,332,000	\$269,600						\$2,601,600
54	52	2,378,640	266,860						2,645,500
55	53	2,426,213	264,310						2,690,523
56	54	2,474,737	261,936						2,736,673
57	55	2,524,232	259,725						2,783,957
58	56	2,574,716	257,666						2,832,382
59	57	2,626,211	255,748						2,881,958
60	58	2,678,735	253,960						2,932,695
61	59	2,732,310	252,294						2,984,604
62	60	2,786,956	250,740						3,037,696
63	61	2,842,695	249,292						3,091,987
64	62	2,899,549	247,941						3,147,489
65	63	2,957,540	246,680						3,204,220
66	64	2,130,570	245,503						2,376,073
67	65	2,173,182	244,405						2,417,586
68	66	2,216,645	243,379						2,460,024
69	67	2,260,978	242,421						2,503,399
70	68	2,306,198	241,526						2,547,724
71	69	2,352,322	240,690						2,593,012
72	70	2,399,368	239,908						2,639,276
73	71	2,447,355	239,178						2,686,533
74	72	2,496,302	238,494						2,734,797
75	73	2,546,229	237,855						2,784,083
76	74	2,597,153	237,257						2,834,410
77	75	2,649,096	236,697						2,885,793
78	76	2,702,078	236,173						2,938,251
79	77	2,756,120	235,682						2,991,802
80	78	2,811,242	235,223						3,046,465
81	79	2,867,467	234,792						3,102,259
82	80	2,924,816	234,388						3,159,205
83	81	2,983,313	234,010						3,217,323
84	82	3,042,979	233,656						3,276,634
85	83	3,103,838	233,323						3,337,161
86	84	3,165,915	233,011						3,398,926
87	85	3,229,233	232,718						3,461,952
88	86	3,293,818	232,444						3,526,262
89	87	3,359,694	232,186						3,591,880
90	88	3,426,888	231,944						3,658,832
91	89	3,495,426	231,716						3,727,143
92	90	3,565,335	231,503						3,796,837
93	91	3,636,641	231,302						3,867,943
94	92	3,709,374	231,114						3,940,488
95	93	3,783,562	230,936						4,014,498
96	94	3,859,233	230,770						4,090,002
97	95	3,936,418	230,613						4,167,030
98	96								

Note: Beginning of year values are illustrated.

Estate - Allen

Sample Plan - TOTAL Cash-Flow-Based Planning

Age	Personal Property	Savings and Investments						Liabilities	Final Expenses	Life Insurance (less loans)	Life Ins in ILIT or Outside Estate
		Taxable	Equity & Other	Tax Free	Tax Deferred	Ret/Roth Accounts	Rental Real Estate				
53	\$707,000					\$5,567,500		\$6,640	\$15,000	\$347,500	
54	720,476					5,966,158		6,334	15,480	347,500	
55	734,242					6,392,946		5,984	15,975	347,500	
56	748,302					6,850,820		5,582	16,487	347,500	
57	762,660					7,341,004		5,121	17,014	347,500	
58	777,321					7,865,767		4,592	17,559	347,500	
59	792,291					8,427,535		3,987	18,120	347,500	
60	807,573					9,028,906		3,292	18,700	347,500	
61	823,174					9,673,277		2,496	19,299	347,500	
62	839,099					10,363,062		1,583	19,916	347,500	
63	855,354					11,101,449		536	20,554	347,500	
64	871,944					11,891,847			21,211	347,500	
65	888,875					12,737,905			21,890	97,500	
66	645,866					13,565,869			22,591	97,500	
67	658,293					14,447,650			23,313	97,500	
68	670,976					15,386,747			24,060	97,500	
69	683,920					16,386,886			24,829	97,500	
70	697,130					17,452,034			25,624	97,500	
71	710,610					18,425,952			26,444	97,500	
72	724,366					18,903,346			27,290	97,500	
73	738,402					19,367,130			28,163	97,500	
74	752,724					19,813,737			29,065	97,500	
75	767,337					20,239,218			29,995	97,500	
76	782,247					20,639,214			30,955	97,500	
77	797,459					21,008,921			31,945	97,500	
78	812,979					21,347,920			32,967	97,500	
79	828,813					21,646,142			34,022	97,500	
80	844,967					21,903,212			35,111	97,500	
81	861,447					22,113,556			36,235	97,500	
82	878,260					22,271,171			37,394	97,500	
83	895,412					22,369,610			38,591	97,500	
84	912,909					22,401,974			39,826	97,500	
85	930,759					22,360,903			41,100	97,500	
86	948,968					22,249,223			42,415	97,500	
87	967,543					22,060,788			43,772	97,500	
88	986,492					21,789,281			45,173	97,500	
89	1,005,821					21,428,270			46,619	97,500	
90	1,025,539					20,971,282			48,111	97,500	
91	1,045,653					20,428,757			49,650		
92	1,066,170					19,900,267			51,239		
93	1,087,099					19,284,986			52,878		
94	1,108,448					18,579,917			54,571		
95	1,130,226					17,782,689			56,317		
96	1,152,440					16,914,235			58,119		
97	1,175,099					15,976,247			59,979		
98											
	E25	C4	C5	C7	C8	C10-C11	C22	B24c		B22	

Estate - Betty

Sample Plan - TOTAL Cash-Flow-Based Planning

Age	Personal Property 1.43%	Savings and Investments						Liabilities	Final Expenses	Life Insurance (less loans)	Life Ins in ILIT or Outside Estate
		Taxable	Equity & Other	Tax Free	Tax Deferred	Ret/Roth Accounts	Rental Real Estate				
51						\$6,110,250		\$15,000	\$310,000		
52						6,365,475		15,480	310,000		
53						6,625,867		15,975	310,000		
54						6,890,871		16,487	310,000		
55						7,159,825		17,014	310,000		
56						7,431,953		17,559	310,000		
57						7,706,346		18,120	310,000		
58						7,981,948		18,700	310,000		
59						8,257,541		19,299	310,000		
60						8,531,726		19,916	310,000		
61						8,802,904		20,554	310,000		
62						9,069,251		21,211	60,000		
63						9,328,697		21,890	60,000		
64						9,533,349		22,591	60,000		
65						9,712,508		23,313	60,000		
66						9,874,013		24,060	60,000		
67						10,014,727		24,829	60,000		
68						10,131,169		25,624	60,000		
69						10,219,476		26,444	60,000		
70						10,275,368		27,290	60,000		
71						10,240,280		28,163	60,000		
72						10,155,950		29,065	60,000		
73						10,015,919		29,995	60,000		
74						9,813,053		30,955	60,000		
75						9,539,464		31,945	60,000		
76						9,186,424		32,967	60,000		
77						8,744,620		34,022	60,000		
78						8,202,975		35,111	60,000		
79						7,549,914		36,235	60,000		
80						6,771,988		37,394	60,000		
81						5,853,808		38,591	60,000		
82						4,777,206		39,826	60,000		
83						3,519,121		41,100	60,000		
84						2,043,119		42,415	60,000		
85						1,662,537		43,772	60,000		
86						1,648,457		45,173	60,000		
87						1,628,169		46,619	60,000		
88						1,601,193		48,111	60,000		
89						1,567,045		49,650	60,000		
90						1,526,506		51,239	60,000		
91						1,479,309		52,878	60,000		
92						1,425,225		54,571	60,000		
93						1,364,071		56,317	60,000		
94						1,297,454		58,119	60,000		
95						1,225,503		59,979	60,000		
96											
	E25	C4	C5	C7	C8	C10-C11	C22	B24c	B22		

Estate - Joint and Community Property

Sample Plan - TOTAL Cash-Flow-Based Planning

Ages	Personal Property	Savings and Investments				Rental Real Estate	Liabilities
		Taxable 100.00%	Equity & Other 100.00%	Tax-Free 100.00%	Tax-Deferred 100.00%		
	1	2	3	4	5	6	7
53 51	\$1,894,600	\$663,800	\$8,065,000			\$775,000	\$232,000
54 52	1,925,024	701,026	8,788,077			790,500	222,755
55 53	1,956,280	739,785	9,570,068			806,310	213,097
56 54	1,988,371	778,492	10,408,755			822,436	203,009
57 55	2,021,297	809,973	11,278,678			838,885	192,471
58 56	2,055,061	842,370	12,216,231			855,663	181,463
59 57	2,089,668	883,528	13,258,935			872,776	169,965
60 58	2,125,122	926,064	14,383,706			890,231	157,954
61 59	2,161,429	959,344	15,552,591			908,036	145,407
62 60	2,198,597	1,008,196	16,872,151			926,197	132,301
63 61	2,236,633	1,058,843	18,295,924			944,721	118,610
64 62	2,275,545	1,111,491	19,832,500			963,615	104,309
65 63	2,315,344	1,166,282	21,490,835			982,887	89,371
66 64	1,730,207	1,575,137	23,281,621			1,002,545	73,766
67 65	1,759,293	1,635,051	24,627,988			1,022,596	57,466
68 66	1,789,048	1,688,316	26,037,195			1,043,048	40,439
69 67	1,819,479	1,765,313	27,559,485			1,063,909	22,653
70 68	1,850,594	1,856,828	29,186,525			1,085,187	4,073
71 69	1,882,401	2,361,466	31,536,262				
72 70	1,914,911	2,622,944	33,633,252				
73 71	1,948,131	2,915,742	35,889,352				
74 72	1,982,073	3,229,016	38,296,132				
75 73	2,016,747	3,564,152	40,863,669				
76 74	2,052,163	3,895,585	43,150,086				
77 75	2,088,334	4,250,412	45,569,661				
78 76	2,125,272	4,629,328	48,129,063				
79 77	2,162,989	5,035,047	50,838,333				
80 78	2,201,498	5,468,441	53,705,104				
81 79	2,240,812	5,931,465	56,738,996				
82 80	2,280,945	6,426,417	59,950,547				
83 81	2,321,911	6,955,974	63,351,318				
84 82	2,363,725	7,523,470	66,954,345				
85 83	2,406,402	8,133,631	70,775,325				
86 84	2,449,958	8,793,534	74,834,175				
87 85	2,494,409	8,985,683	78,349,997				
88 86	2,539,770	8,941,485	81,875,747				
89 87	2,586,059	8,887,050	85,560,156				
90 88	2,633,293	8,820,386	89,410,363				
91 89	2,681,490	8,730,438	93,433,829				
92 90	2,730,667	8,534,011	97,638,351				
93 91	2,780,844	8,305,764	102,032,077				
94 92	2,832,039	8,041,299	106,623,520				
95 93	2,884,272	7,735,604	111,421,578				
96 94	2,937,563	7,370,493	116,435,549				
97 95	2,991,931	6,938,976	121,675,149				
98 96							
	E25		C5	C7	C8	C22	B24c

Irrevocable Trust, Other

Sample Plan - TOTAL Cash-Flow-Based Planning

Ages	Personal Property	Savings and Investments					Liabilities
		Taxable	Equity & Other	Tax-Free	Tax-Deferred	Rental Real Estate	
	1	2	3	4	5	6	7
53 51							
54 52							
55 53							
56 54							
57 55							
58 56							
59 57							
60 58							
61 59							
62 60							
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	E25	C4	C5	C7	C8	C22	B24c

Estate - Estimate Worksheet*

Sample Plan - TOTAL Cash-Flow-Based Planning

Allen dies first					Betty dies first					Non-Estate Life Insurance
Age	Assets + 1/2 Jt, CP +Estate Ins.	Debts & Final Expenses	Admin Costs		Sp age	Assets +1/2 Jt, CP +estate ins.	Debts & final expenses	Admin. costs		
			First to Die @ 3.00%	Second to Die @ 4.00%				First to die @ 3.00%	Second to die @ 4.00%	
53	\$12,321,200	(\$268,640)	(\$355,082)	(\$881,948)	51	\$12,119,450	(\$268,640)	(\$350,353)	(\$881,444)	
54	13,136,448	(260,049)	(386,292)	(1,010,716)	52	12,777,788	(260,049)	(375,532)	(1,011,146)	
55	14,010,910	(251,032)	(412,796)	(1,072,767)	53	13,472,089	(251,032)	(396,632)	(1,073,413)	
56	14,945,649	(241,564)	(441,123)	(1,138,514)	54	14,199,898	(241,564)	(418,750)	(1,139,409)	
57	15,925,580	(231,620)	(470,819)	(1,206,695)	55	14,944,241	(231,620)	(441,379)	(1,207,873)	
58	16,975,251	(221,173)	(502,622)	(1,279,123)	56	15,726,615	(221,173)	(465,163)	(1,280,621)	
59	18,119,779	(210,192)	(537,288)	(1,357,644)	57	16,568,799	(210,192)	(490,758)	(1,359,505)	
60	19,346,541	(198,646)	(574,437)	(1,441,119)	58	17,454,509	(198,646)	(517,676)	(1,443,389)	
61	20,634,652	(186,500)	(613,445)	(1,527,718)	59	18,358,241	(186,500)	(545,152)	(1,530,450)	
62	22,052,232	(173,716)	(656,355)	(1,622,658)	60	19,344,296	(173,716)	(575,117)	(1,625,908)	
63	23,572,363	(160,254)	(702,363)	(1,723,628)	61	20,380,964	(160,254)	(606,621)	(1,727,458)	
64	25,202,867	(146,732)	(751,684)	(1,821,011)	62	21,220,827	(146,732)	(632,223)	(1,825,790)	
65	26,701,955	(133,151)	(797,064)	(1,925,524)	63	22,366,371	(133,151)	(666,997)	(1,930,727)	
66	28,103,990	(118,947)	(839,551)	(2,021,344)	64	23,388,104	(118,947)	(698,075)	(2,027,003)	
67	29,725,907	(104,093)	(888,654)	(2,121,125)	65	24,294,972	(104,093)	(725,726)	(2,127,642)	
68	31,434,027	(88,558)	(940,364)	(2,224,717)	66	25,212,817	(88,558)	(753,728)	(2,232,182)	
69	33,272,399	(72,311)	(996,003)	(2,335,316)	67	26,178,820	(72,311)	(783,195)	(2,343,828)	
70	35,236,231	(55,321)	(1,055,427)	(2,452,249)	68	27,180,736	(55,321)	(813,762)	(2,461,915)	
71	37,124,127	(52,888)	(1,112,137)	(2,565,146)	69	28,169,541	(52,888)	(843,500)	(2,575,891)	
72	38,810,765	(54,580)	(1,162,686)	(2,680,577)	70	29,420,921	(54,580)	(880,990)	(2,691,845)	
73	40,579,644	(56,327)	(1,215,700)	(2,799,380)	71	30,676,893	(56,327)	(918,617)	(2,811,264)	
74	42,417,571	(58,129)	(1,270,783)	(2,922,329)	72	31,969,560	(58,129)	(957,343)	(2,934,866)	
75	44,326,339	(59,989)	(1,327,990)	(3,049,462)	73	33,298,203	(59,989)	(997,146)	(3,062,696)	
76	46,067,878	(61,909)	(1,380,179)	(3,161,910)	74	34,421,970	(61,909)	(1,030,802)	(3,175,885)	
77	47,858,083	(63,890)	(1,433,826)	(3,276,561)	75	35,553,668	(63,890)	(1,064,693)	(3,291,327)	
78	49,700,230	(65,935)	(1,489,029)	(3,393,341)	76	36,688,256	(65,935)	(1,098,670)	(3,408,955)	
79	51,590,639	(68,045)	(1,545,678)	(3,511,989)	77	37,822,804	(68,045)	(1,132,643)	(3,528,510)	
80	53,533,200	(70,222)	(1,603,889)	(3,632,383)	78	38,950,496	(70,222)	(1,166,408)	(3,649,883)	
81	55,528,140	(72,469)	(1,663,670)	(3,754,302)	79	40,065,550	(72,469)	(1,199,792)	(3,772,857)	
82	57,575,885	(74,788)	(1,725,033)	(3,877,480)	80	41,160,942	(74,788)	(1,232,585)	(3,897,178)	
83	59,677,123	(77,181)	(1,787,998)	(4,001,614)	81	42,228,409	(77,181)	(1,264,537)	(4,022,553)	
84	61,833,153	(79,651)	(1,852,605)	(4,126,355)	82	43,257,976	(79,651)	(1,295,350)	(4,148,645)	
85	64,046,841	(82,200)	(1,918,939)	(4,251,300)	83	44,236,800	(82,200)	(1,324,638)	(4,275,072)	
86	66,334,525	(84,830)	(1,987,491)	(4,376,166)	84	45,141,953	(84,830)	(1,351,714)	(4,401,597)	
87	68,040,875	(87,545)	(2,038,600)	(4,502,092)	85	46,637,581	(87,545)	(1,396,501)	(4,527,776)	
88	69,551,774	(90,346)	(2,083,843)	(4,630,582)	86	48,386,958	(90,346)	(1,448,898)	(4,655,979)	
89	71,048,224	(93,237)	(2,128,650)	(4,761,246)	87	50,204,802	(93,237)	(1,503,347)	(4,786,258)	
90	72,526,342	(96,221)	(2,172,904)	(4,894,017)	88	52,093,214	(96,221)	(1,559,910)	(4,918,537)	
91	73,897,288	(99,300)	(2,213,940)	(5,025,359)	89	54,049,923	(99,300)	(1,618,519)	(5,049,176)	
92	75,417,952	(102,478)	(2,259,464)	(5,163,761)	90	56,038,021	(102,478)	(1,678,066)	(5,187,017)	
93	76,931,428	(105,757)	(2,304,770)	(5,304,782)	91	58,098,652	(105,757)	(1,739,787)	(5,327,381)	
94	78,436,795	(109,141)	(2,349,830)	(5,448,459)	92	60,233,654	(109,141)	(1,803,735)	(5,470,303)	
95	79,933,642	(112,634)	(2,394,630)	(5,594,847)	93	62,444,798	(112,634)	(1,869,965)	(5,615,834)	
96	81,438,477	(116,238)	(2,439,667)	(5,744,473)	94	64,729,256	(116,238)	(1,938,391)	(5,764,524)	
97	82,954,374	(119,958)	(2,485,032)	(5,897,517)	95	67,088,531	(119,958)	(2,009,057)	(5,916,556)	
98					96					
	E25-29	E25-29				E25-29	E25-29			

Note: Beginning of year values are illustrated.
 *Assumes that both deaths occur in the same year.