



# Estate TAX Analysis

## Ed and Tina Allen

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# Important Notes

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This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your retirement needs. It can serve as a guide for discussions with your professional advisors. These pages depict certain wealth preservation strategies. These strategies may include simple wills, marital trusts, family trusts, credit shelter trusts, living trusts, grantor retained trusts, charitable remainder trusts, special business entities, life insurance (with or without a trust), taxable and charitable gifts. This illustration simply shows the effect of a strategy on your estate and potential estate taxes, based on certain assumptions detailed in the illustration.

Each scenario shown illustrates your current situation or an alternative strategy and its possible effects on the financial situation you provided. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a "best guess." No guarantee can be made regarding values, as all rates are the hypothetical rates you provided. These computations are not a guarantee of future performance of any asset, including insurance or other financial products.

No legal or accounting advice is being rendered either by this report or through any other oral or written communications. Nothing contained in this report is intended to be used on any tax form or to support any tax deduction. Unless indicated, the tax aspect of the federal Generation-Skipping Transfer Tax (GSTT) is not reflected. The GSTT is similar to an additional level of estate tax on certain transfers to grandchildren, or individuals two or more generations removed from the transferor. State laws vary regarding the distribution of property, and individual circumstances are unique and subject to change. You should discuss all strategies, transfers, and assumptions with your legal and tax advisors.

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation.

To implement a strategy, it may be necessary to restructure the ownership of property, or change designated beneficiaries before specific will or trust provisions, prepared by the client's counsel, become effective. The transfer of a life insurance policy may not result in its removal from the estate of the prior owner for three years.

Strategies may be proposed to support the purchase of various products such as insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

**IMPORTANT:** The projections or other information generated by this investment analysis tool (Estate Tax Analysis) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

**IRS CIRCULAR 230 NOTICE:** To ensure compliance with requirements imposed by the IRS, this notice is to inform you that any U. S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this presentation.

# Executive Summary

for Ed Allen, age 62, and Tina Allen, age 57

## Current Situation

This analysis uses the information you provided.

Liquid Assets	\$3,100,000	
Retirement Plans	\$600,000	
Business	\$1,700,000	
Residences	\$1,500,000	
<b>Your total value if death occurred today:</b>		<b>\$6,900,000</b>

## Effects of Current Situation

Using the estimated rates of return you provided, the combined gross estate in 2023 would be	\$13,274,738	
Assuming Ed dies in 2023, Estimated taxes, expenses, probate, and debts	\$92,464	
Assuming Tina dies in 2028, Estimated taxes, expenses, probate, and debts	\$2,672,844	
Income tax on income in respect of decedent <sup>1</sup>	\$1,339,774	
Shrinkage	\$4,105,082	
Total to family after both deaths	<b>\$12,433,509</b>	
Total distribution to family and charity		<b>\$12,433,509</b>
Portion of the estate in 2028		<b>75%</b>

## Proposed Strategy

The proposed strategy, without the recommended new life insurance, would decrease the portion going to the family to	<b>\$12,298,706</b>
The proposed strategy, including the recommended new life insurance, would increase the portion going to the family to	<b>\$13,158,938</b>

<sup>1</sup> Heirs must pay the tax on income in respect of decedent, usually associated with inheriting qualified retirement plan assets and annuities.

# Executive Summary (Continued)

for Ed Allen, age 62, and Tina Allen, age 57

## Major Differences

The complete analyses of scenarios being compared should be reviewed for differences. The chart below shows the differences in these two scenarios:

Scenario Creation Date	Oct. 24, 2013	Jun. 30, 2015
Scenario Name	Current Situation	Proposed
<b>Assets</b>		
Savings - All Other Assets		
Ownership	Joint	Ed
Mutual Fund - Mutual Fund 1		
Ownership	Joint	Ed
Mutual Fund - Mutual Fund 2		
Ownership	Joint	Ed
Mutual Fund - Mutual Fund 3		
Ownership	Joint	Ed
Mutual Fund - Mutual Fund 4		
Ownership	Joint	Ed
Mutual Fund - Mutual Fund 5		
Ownership	Joint	Ed
Stock - Stocks		
Ownership	Joint	Ed
Stock - Misc Stocks		
Ownership	Joint	Ed
Residence - House		
Ownership	Joint	Ed
Residence - Beach House		
Ownership	Joint	Ed
Business Type - Tina's Gift Shop		
Ownership	Joint	Tina
Business Type - Internet Business		
Ownership	Joint	Ed
Plan - PMM	Exists	Not included
Plan - Ed 401(k)		
Actively Employed	No	Yes
<b>Incomes</b>		
Salary		
Income Stream		
Amount	\$40,000.00	\$480,000.00
Frequency	Monthly	Annual
Business Income - Income from Internet Business		
Ownership	Joint	Ed
Business Income - Income from Tina's Gift Shop		
Ownership	Joint	Tina
<b>Life Insurance</b>		
Life Insurance Policy - ILIT - New Life Insurance	Not included	Exists
<b>Cash Sources</b>		
Cash Source - PMM	Exists	Not included
<b>Transactions</b>		
Transaction - 401k Contribution		
Frequency	Monthly	Annual
Transaction - Defined Contribution	Exists	Not included
<b>Estate Assumptions</b>		
Tina's Will		

# Executive Summary (Continued)

for Ed Allen, age 62, and Tina Allen, age 57

## Major Differences (Continued)

The complete analyses of scenarios being compared should be reviewed for differences. The chart below shows the differences in these two scenarios:

Will Provisions	All To Spouse	Family Trust
Use Living Trust	No	Yes
Family Trust	Not included	Exists

The Assumptions page and the Additional Details page can provide more details for the items included within a scenario.

## Summary

Your Proposed Plan with new life insurance could provide the following after both deaths.

Irrevocable Life Insurance Trust	\$1,000,000
Family Trust	\$8,396,251
Net Distributions to Heirs	\$4,068,358
less: Income Tax on Income in Respect of Decedent	(\$305,671)
<b>Total to Family</b>	<b>\$13,158,938</b>

# Assumptions

Current Plan

Assumptions as of June 30, 2015 for:

**Ed Allen**

**Tina Allen**

**Age: 62 Male Born:** Jan. 01, 1953

**Age: 57 Female Born:** Jul. 01, 1957

Ed and Tina are married.

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later.

State Inheritance Tax based on New Jersey

**Home Phone:** 222-555-4444

**Business Phone:** 222-555-3333

## Mailing Address

123 Main Street  
Princeton, NJ, 11250

## Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Karen	Jul. 15, 1982	Female	Child	Tina, Ed
Thomas	Jun. 28, 1987	Male	Child	Tina, Ed

## Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
Widget, Inc.	Ed	\$40,000	Monthly	0.000%
Tina's Gift Shop	Tina	\$5,000	Monthly	0.000%

## Checking, Savings, CDs

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
Checking Account	Tina, Ed	\$200,000	Jan. 01, 2013	0.000%
All Other Assets	Tina, Ed	\$500,000	Jan. 01, 2012	1.000%

This asset is the Cash Account

## Mutual Funds

Name/ Symbol	Owner	Account Balance	Balance As Of	Basis	Rates		
					Qual. Div.	Cap. Gains	App.
Mutual Fund 1	Tina, Ed	\$500,000	Jan. 01, 2013	\$450,000	1.000% <sup>1</sup>	2.000% <sup>1</sup>	5.000%
Mutual Fund 2	Tina, Ed	\$100,000	Jan. 01, 2013	\$100,000	2.000% <sup>1</sup>	1.000% <sup>1</sup>	5.000%
Mutual Fund 3	Tina, Ed	\$500,000	Jan. 01, 2013	\$450,000	1.000% <sup>1</sup>	2.000% <sup>1</sup>	5.000%
Mutual Fund 4	Tina, Ed	\$100,000	Jan. 01, 2013	\$100,000	0.000% <sup>1</sup>	3.000% <sup>1</sup>	5.000%
Mutual Fund 5	Tina, Ed	\$200,000	Jan. 01, 2013	\$150,000	1.000% <sup>1</sup>	1.000% <sup>1</sup>	3.000%

## Stocks

Name/ Symbol	Owner	Current Value	Balance As Of	Basis	Rates	
					Div. Rate	App. Rate
Stocks	Tina, Ed	\$300,000	Jan. 01, 2013	\$450,000	1.000% <sup>1</sup>	3.000%
Misc Stocks	Tina, Ed	\$700,000	Jan. 01, 2013	\$650,000	1.000% <sup>1</sup>	3.000%

## Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
Ed 401(k)	Ed	\$300,000	Jan. 01, 2013	4.000%	\$15,000	\$5,000

<sup>1</sup> Dividends are assumed to be reinvested in similar investments.

# Assumptions (Continued)

Current Plan

## Retirement Plans (Continued)

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
PMM	Ed	\$200,000	Jul. 03, 2013	5.000%	n/a	\$33,500

## IRAs

Name	Owner	Current Balance	Balance As Of	Growth Rate	Type
Tina's IRA	Tina	\$100,000	Jan. 01, 2013	6.000%	Deductible

## Business Property

### Tina's Gift Shop

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate	Business Form	% of Total Bus. Value	Income	Income Frequency	Monthly Expenses	Annual Expenses	Inflation Rate
Tina, Ed	\$700,000	Jan. 01, 2013	\$50,000	5.000%	Sole Proprietorship	100%	\$6,000	Monthly	\$2,000	\$10,000	3.000%

### Internet Business

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate	Business Form	% of Total Bus. Value	Income	Income Frequency	Monthly Expenses	Annual Expenses	Inflation Rate
Tina, Ed	\$1,000,000	Jan. 01, 2013	\$50,000	6.000%	Sole Proprietorship	100%	\$2,000	Monthly	\$500	\$0	3.000%

## Residences

### House

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Tina, Ed	\$1,000,000	Jan. 01, 2013	\$750,000	2.000%

### Beach House

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Tina, Ed	\$500,000	Jan. 01, 2013	\$450,000	2.000%

## Essential Living Expenses

Description	Amount	Frequency	Inflation	Tax Deductible <sup>1</sup>	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Living Expenses	\$7,000	Monthly	3%	No	100%	100%	100%

## Business Expenses

Description	Amount	Frequency
Monthly Expense for Internet Business	\$500	Monthly
Annual Expense for Tina's Gift Shop	\$10,000	Annual
Monthly Expense for Tina's Gift Shop	\$2,000	Monthly

<sup>1</sup> Deductions for charitable contributions and medical/prescriptions are subject to limitations.



# Assumptions

Proposed Plan

Assumptions as of June 30, 2015 for:

**Ed Allen**

**Tina Allen**

**Age: 62 Male Born:** Jan. 01, 1953

**Age: 57 Female Born:** Jul. 01, 1957

Ed and Tina are married.

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later.

State Inheritance Tax based on New Jersey

**Home Phone:** 222-555-4444

**Business Phone:** 222-555-3333

## Mailing Address

123 Main Street  
Princeton, NJ, 11250

## Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Karen	Jul. 15, 1982	Female	Child	Tina, Ed
Thomas	Jun. 28, 1987	Male	Child	Tina, Ed

## Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
Widget, Inc.	Ed	\$480,000	Annual	0.000%
Tina's Gift Shop	Tina	\$5,000	Monthly	0.000%

## Checking, Savings, CDs

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
Checking Account	Tina, Ed	\$200,000	Jan. 01, 2013	0.000%
All Other Assets	Ed	\$500,000	Jan. 01, 2012	1.000%

This asset is the Cash Account

## Mutual Funds

Name/ Symbol	Owner	Account Balance	Balance As Of	Basis	Rates		
					Qual. Div.	Cap. Gains	App.
Mutual Fund 1	Ed	\$500,000	Jan. 01, 2013	\$450,000	1.000% <sup>1</sup>	2.000% <sup>1</sup>	5.000%
Mutual Fund 2	Ed	\$100,000	Jan. 01, 2013	\$100,000	2.000% <sup>1</sup>	1.000% <sup>1</sup>	5.000%
Mutual Fund 3	Ed	\$500,000	Jan. 01, 2013	\$450,000	1.000% <sup>1</sup>	2.000% <sup>1</sup>	5.000%
Mutual Fund 4	Ed	\$100,000	Jan. 01, 2013	\$100,000	0.000% <sup>1</sup>	3.000% <sup>1</sup>	5.000%
Mutual Fund 5	Ed	\$200,000	Jan. 01, 2013	\$150,000	1.000% <sup>1</sup>	1.000% <sup>1</sup>	3.000%

## Stocks

Name/ Symbol	Owner	Current Value	Balance As Of	Basis	Rates	
					Div. Rate	App. Rate
Stocks	Ed	\$300,000	Jan. 01, 2013	\$450,000	1.000% <sup>1</sup>	3.000%
Misc Stocks	Ed	\$700,000	Jan. 01, 2013	\$650,000	1.000% <sup>1</sup>	3.000%

<sup>1</sup> Dividends are assumed to be reinvested in similar investments.

# Assumptions (Continued)

Proposed Plan

## Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
Ed 401(k)	Ed <sup>1</sup>	\$300,000	Jan. 01, 2013	4.000%	\$15,000	\$5,000

## IRAs

Name	Owner	Current Balance	Balance As Of	Growth Rate	Type
Tina's IRA	Tina	\$100,000	Jan. 01, 2013	6.000%	Deductible

## Business Property

### Tina's Gift Shop

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate	Business Form	% of Total Bus. Value	Income	Income Frequency	Monthly Expenses	Annual Expenses	Inflation Rate
Tina	\$700,000	Jan. 01, 2013	\$50,000	5.000%	Sole Proprietorship	100%	\$6,000	Monthly	\$2,000	\$10,000	3.000%

### Internet Business

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate	Business Form	% of Total Bus. Value	Income	Income Frequency	Monthly Expenses	Annual Expenses	Inflation Rate
Ed	\$1,000,000	Jan. 01, 2013	\$50,000	6.000%	Sole Proprietorship	100%	\$2,000	Monthly	\$500	\$0	3.000%

## Residences

### House

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Ed	\$1,000,000	Jan. 01, 2013	\$750,000	2.000%

### Beach House

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Ed	\$500,000	Jan. 01, 2013	\$450,000	2.000%

## Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
ILIT - New Life Insurance	Survivor	ILIT	ILIT	\$1,000,000	\$1,000	Monthly	\$0

## Essential Living Expenses

Description	Amount	Frequency	Inflation	Tax Deductible <sup>2</sup>	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Living Expenses	\$7,000	Monthly	3%	No	100%	100%	100%

<sup>1</sup> Participant qualifies to delay distributions past age 70 ½.

<sup>2</sup> Deductions for charitable contributions and medical/prescriptions are subject to limitations.

# Assumptions (Continued)

Proposed Plan

## Business Expenses

Description	Amount	Frequency
Monthly Expense for Internet Business	\$500	Monthly
Annual Expense for Tina's Gift Shop	\$10,000	Annual
Monthly Expense for Tina's Gift Shop	\$2,000	Monthly

# Summary of Values

Your Current Plan

## Assets

For estate planning purposes, assets can be categorized by their availability to pay taxes and expenses at death. Availability of assets depends on two things:

1. Ownership—the title to the asset determines how it passes at death.
2. Type of Asset—certain assets can be converted to cash more quickly than others.

	Ed	Tina	Joint	Total
<b>Liquid Assets</b>				
Checking Account			\$200,000	\$200,000
All Other Assets			\$500,000	\$500,000
Stocks			\$300,000	\$300,000
Misc Stocks			\$700,000	\$700,000
Mutual Fund 1			\$500,000	\$500,000
Mutual Fund 2			\$100,000	\$100,000
Mutual Fund 3			\$500,000	\$500,000
Mutual Fund 4			\$100,000	\$100,000
Mutual Fund 5			\$200,000	\$200,000
<b>Retirement Plans</b>				
Ed 401(k)	\$300,000			\$300,000
Tina's IRA		\$100,000		\$100,000
PMM	\$200,000			\$200,000
<b>Business</b>				
Tina's Gift Shop			\$700,000	\$700,000
Internet Business			\$1,000,000	\$1,000,000
<b>Residences</b>				
House			\$1,000,000	\$1,000,000
Beach House			\$500,000	\$500,000
<b>Total Values Today</b>	<b>\$500,000</b>	<b>\$100,000</b>	<b>\$6,300,000</b>	<b>\$6,900,000</b>

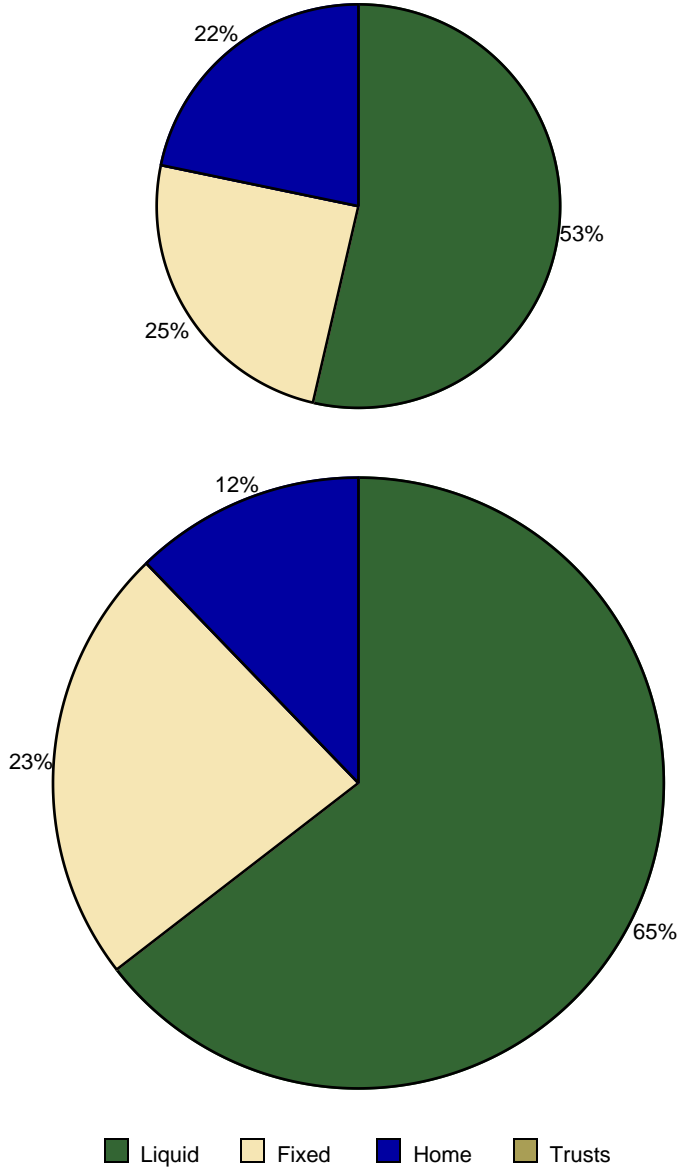
## Total Value if Death Today

The summary of your values today equals the Total Values Today of \$6,900,000

**Total Value if Death Today** **\$6,900,000**

# Your Estate...

Your Current Plan



Today: \$6,900,000



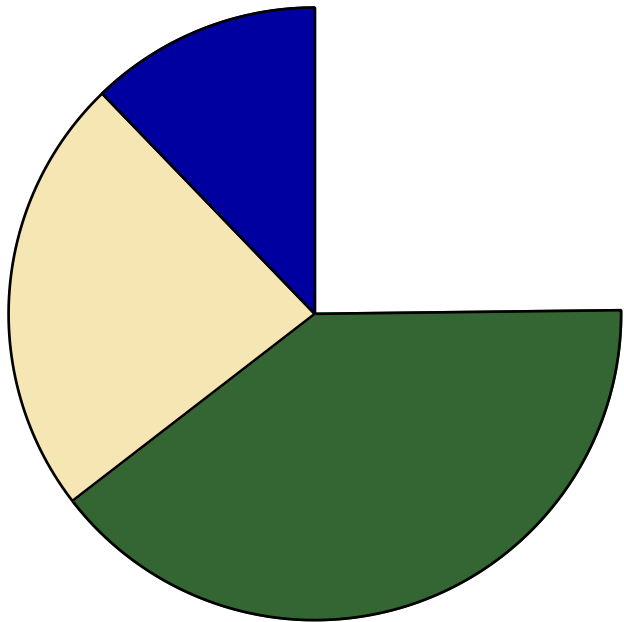
In 13 years:  
\$16,536,463

To whom do you want to leave your estate?

# At Your Death

Your Current Plan

## Before Your Heirs Get Anything...



**Form 706** United States Estate (and Generation-Skipping Transfer) Tax Return  
(Rev. August 2004) Estate of a citizen or resident of the United States (see separate instructions). To be filed for decedents dying after December 31, 2003, and before January 1, 2005. For Paperwork Reduction Act Notice, see the separate instructions. OMB No. 1545-0015

Department of the Treasury Internal Revenue Service

**Part 1—Decedent and Executor**

1a Decedent's first name and middle initial (if any) 1b Decedent's last name 1c Decedent's Social Security No. 1d Decedent's domicile established 1e Date of birth 1f Date of death

2a County, state, and ZIP code of residence (domestic) at time of death 2b Decedent's domicile at time of death (foreign) 2c Decedent's residence at time of death (foreign) (number and street including apartment or suite no. or rural route office, state, and ZIP code) and phone no.

3a Name of executor (see page 3) 3b Executor's social security number

4a Name and location of court where probate proceedings were held 4b Name and location of court where executor was appointed 4c Case number

5 If decedent died testate, check  If decedent died intestate, check here  If Schedule R-1 is attached, check here

**Part 2—Tax Computation**

1 Total gross estate less expenses	1
2 Total allowable deductions	2
3 Taxable estate (subtract line 2 from line 1)	3
4 Adjusted taxable gifts (total after December 31, 1976, of gifts for which the decedent was the donor of these gifts)	4
5 Add lines 3 and 4	5
6 Tentative tax on the amount on line 5	6
7 Total gift tax payable with reductions by the decedent's spouse who was the donor of these gifts	7
8 Gross estate tax (subtract line 7 from line 6)	8
9 Maximum unified credit (applicable credit amount) (this computation may not exceed \$6,000. See page 5 of the instructions.)	9
10 Allowable unified credit (applicable credit amount) (subtract line 9 from line 8)	10
11 Credit for state death taxes (cannot exceed line 12). Attach credit evidence (see instructions). Figure the credit by using the amount on line 3 less \$60,000. See Table B in the instructions. Enter the amount here from Table B	11
12 Subtract line 11 from line 10	12
13 Credit for Federal gift taxes on pre-1977 gifts (section 2012) (attach computation)	13
14 Subtract line 13 from line 12	14
15 Credit for foreign death taxes (from Schedule(s) P). (Attach Form(s) 706-CE.)	15
16 Credit for tax on prior transfers (from Schedule O)	16
17 Total (add lines 15, 16, and 17)	17
18 Net estate tax (subtract line 17 from line 14)	18
19 Generation-skipping transfer taxes (from Schedule R, Part 2, line 10)	19
20 Total transfer taxes (add lines 18 and 19)	20
21 Prior payments. Explain in an attached statement	21
22 United States Treasury bonds redeemed in payment of estate tax	22
23 Total (add lines 20 and 21)	23
24 Balance due (or overpayment) (subtract line 23 from line 20)	24

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than the executor) is based on all information of which preparer has any knowledge.

Signature(s) of executor(s) \_\_\_\_\_ Date \_\_\_\_\_

Signature of preparer other than executor \_\_\_\_\_ Address (and ZIP code) \_\_\_\_\_ Date \_\_\_\_\_

Cat. No. 20548R

Remaining Estate<sup>1</sup>  
\$12,433,509  
75%

Taxes, Expenses, Probate, Debts<sup>2</sup>  
\$4,102,954  
25%

## The Tax Man Gets His!

<sup>1</sup> Includes the values from prior planning and existing life insurance.

<sup>2</sup> The sum of taxes, expenses, debt, and probate and administrative fees, as shown by the flowchart that follows.

# Current Planning

## Current Will Assumptions

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later. Not all property is transferred by your will. Property owned jointly with survivorship rights passes to the surviving joint owner. Life insurance proceeds are paid to your named beneficiary. This analysis applies the provisions below to the extent possible. State Inheritance Tax is based on New Jersey.

### Ed's Current Plan

A family trust. All other property passes to the surviving spouse using the will.

#### **Trust for Family**

A Family Trust will be created using an amount equal to the Unified Credit if available. The trust corpus is assumed to grow or earn 5.000% annually between your death and Tina's death.

#### **Living Trust**

A Living Trust has been established to help reduce probate fees.

### Tina's Current Plan

Your will leaves everything outright to Ed after providing for any other planning options.

# Your Current Plan

## Projected Growth of Assets

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

End of Year	Expected Income	Total Outgoing Payments	Change in Assets	End of Year Asset Values	Ed's Assets	Tina's Assets
			<b>Values Today</b>	<b>\$6,900,000</b>	<b>\$3,650,000</b>	<b>\$3,250,000</b>
2015	\$371,000	\$284,504	\$579,421	\$8,303,276	\$4,563,457	\$3,739,819
2016	638,880	495,317	1,032,466	9,479,306	5,498,062	3,981,244
2017	641,846	513,697	1,084,223	10,691,678	6,466,810	4,224,868
2018	164,902	195,734	449,951	11,141,629	6,742,076	4,399,553
2019	201,018	197,292	507,809	11,653,164	7,050,405	4,602,759
2020	208,336	214,043	530,810	12,183,974	7,370,745	4,813,229
2021	212,786	220,627	559,180	12,743,154	7,707,751	5,035,403
2022	187,370	211,412	575,398	13,318,551	8,055,461	5,263,091
			<b>Values at Ed's death after 8 years</b>		<b>\$8,055,461</b>	<b>\$5,263,091</b>

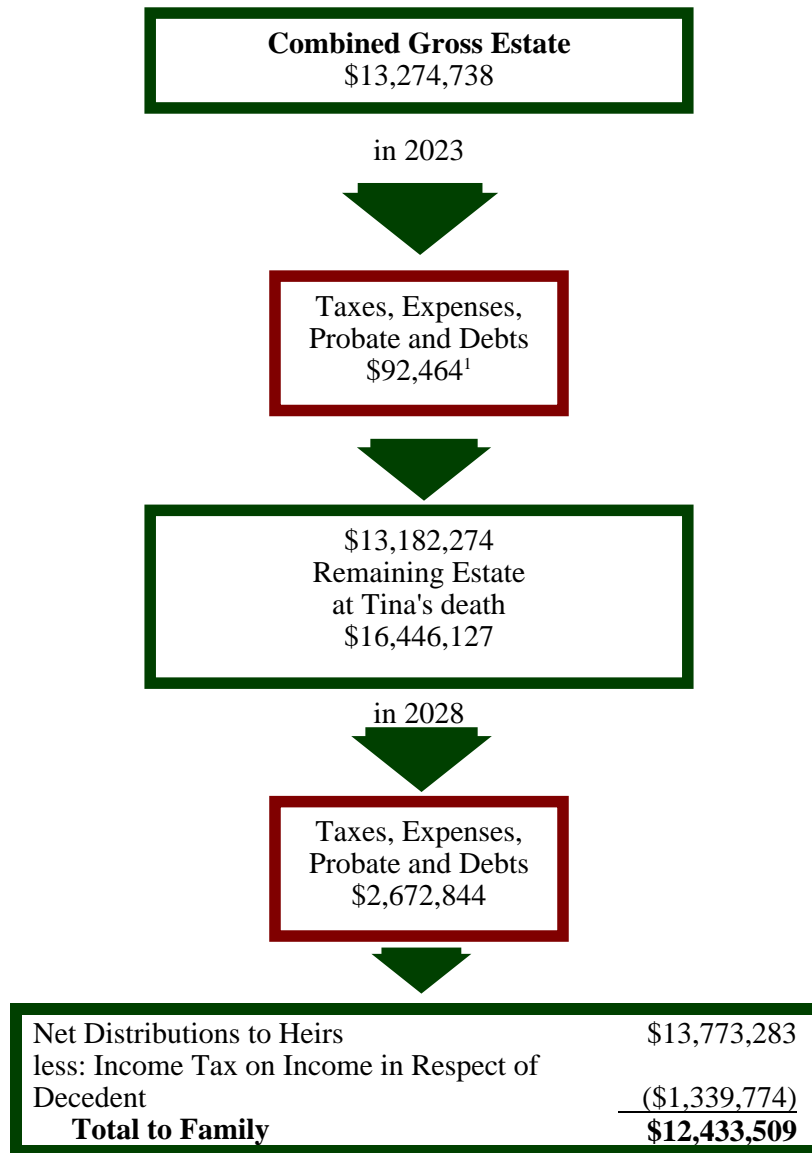
### Adjustments at Ed's Death

Cash Flow Adjustment					-\$21,907	-\$21,907
<b>Estate Total in 2023</b>					<b>\$8,033,554</b>	<b>\$5,241,184</b>
<b>Combined Estate Total</b>					<b>\$13,274,738</b>	



# Your Current Plan

Ed Dies in 2023, Tina Dies in 2028



<sup>1</sup> Debts of \$2,128 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Your Current Plan

Explanation of Values on Flowchart

## At Ed's Death in 2023

### Combined Gross Estate

The Combined Gross Estate is \$13,274,738. Included are assets owned by Ed and Tina.

### Taxes, Expenses, Probate and Debts

Tentative Tax Base (after expenses, deductions and adjustments): \$0<sup>1</sup>

Federal Estate Tax before Credits	\$0	
Applicable Unified Credit <sup>2</sup>	\$2,693,800	
New Jersey State Tax	\$0	
<b>Total Net Taxes Due</b>		<b>\$0</b>

### Remaining Estate

Tina's Assets at Ed's death	\$5,241,184	
<i>plus</i> Other Funds (Net Inheritance)	\$7,941,090	
Remaining Estate at Ed's death		<b>\$13,182,274</b>
includes IRA Rollover of \$2,971,246		
<b>Remaining Estate at Tina's death in 2028</b>		<b>\$16,446,127</b>
<b>with growth at assumed rates</b>		
includes IRA Rollover of \$2,971,246		

### Family Trust

A Family Trust is established at Ed's death, using assets valued at \$0. With growth at assumed rates, the Family Trust is worth \$0 at Tina's death.

## At Tina's Death in 2028

### Taxes, Expenses, Probate and Debts<sup>1</sup>

Tentative Tax Base (after expenses, deductions and adjustments): \$13,773,283

Federal Estate Tax before Credits	\$5,455,113	
Applicable Unified Credit <sup>2</sup>	\$5,881,800	
New Jersey State Tax	\$1,988,721	
<b>Total Net Taxes Due</b>		<b>\$1,988,721</b>

## Summary of Total Distributions to Heirs and Others

<b>Values at Second Death</b>	
<b>Total Net Distributions to Family</b>	<b>\$12,433,509</b>
<b>Total Distributions to Family and Charity</b>	<b>\$12,433,509</b>

<sup>1</sup> See the Estate Calculations page for further details on expenses and deductions.

<sup>2</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# Additional Planning

## Proposed Will Assumptions

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later. Not all property is transferred by your will. Property owned jointly with survivorship rights passes to the surviving joint owner. Life insurance proceeds are paid to your named beneficiary. This analysis applies the provisions below to the extent possible. State Inheritance Tax is based on New Jersey.

### Ed's Proposed Plan

A family trust. All other property passes to the surviving spouse using the will.

#### **Trust for Family**

A Family Trust will be created using an amount equal to the Unified Credit if available. The trust corpus is assumed to grow or earn 5.000% annually between your death and Tina's death.

#### **Living Trust**

A Living Trust has been established to help reduce probate fees.

### Tina's Proposed Plan

A family trust. All other property passes to the surviving spouse using the will.

#### **Trust for Family**

A Family Trust will be created using an amount equal to the Unified Credit if available. The trust corpus is assumed to grow or earn 5.000% annually between your death and Ed's death.

#### **Living Trust**

A Living Trust has been established to help reduce probate fees.

# Proposed Expenses and Gifts

Your Proposed Plan

This analysis of the proposed plans of Ed and Tina assumes that the following plans for expenses and gifts replace your current plans. Expenses are referring to expenses that are consumed, that is, they are not used to purchase other assets and are in addition to expenditures shown elsewhere in this Proposed Plan.

## Essential Living Expenses

Description	Amount	Frequency	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Living Expenses Already started and ending after the illustration	\$7,000	Monthly	100%	100%	100%

## Business Expenses

Description	Amount	Frequency
Annual Expense for Internet Business	\$0	Annual
Monthly Expense for Internet Business	\$500	Monthly
Annual Expense for Tina's Gift Shop	\$10,000	Annual
Monthly Expense for Tina's Gift Shop	\$2,000	Monthly

# Effects of Additional Planning

## Projected Growth of Assets

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

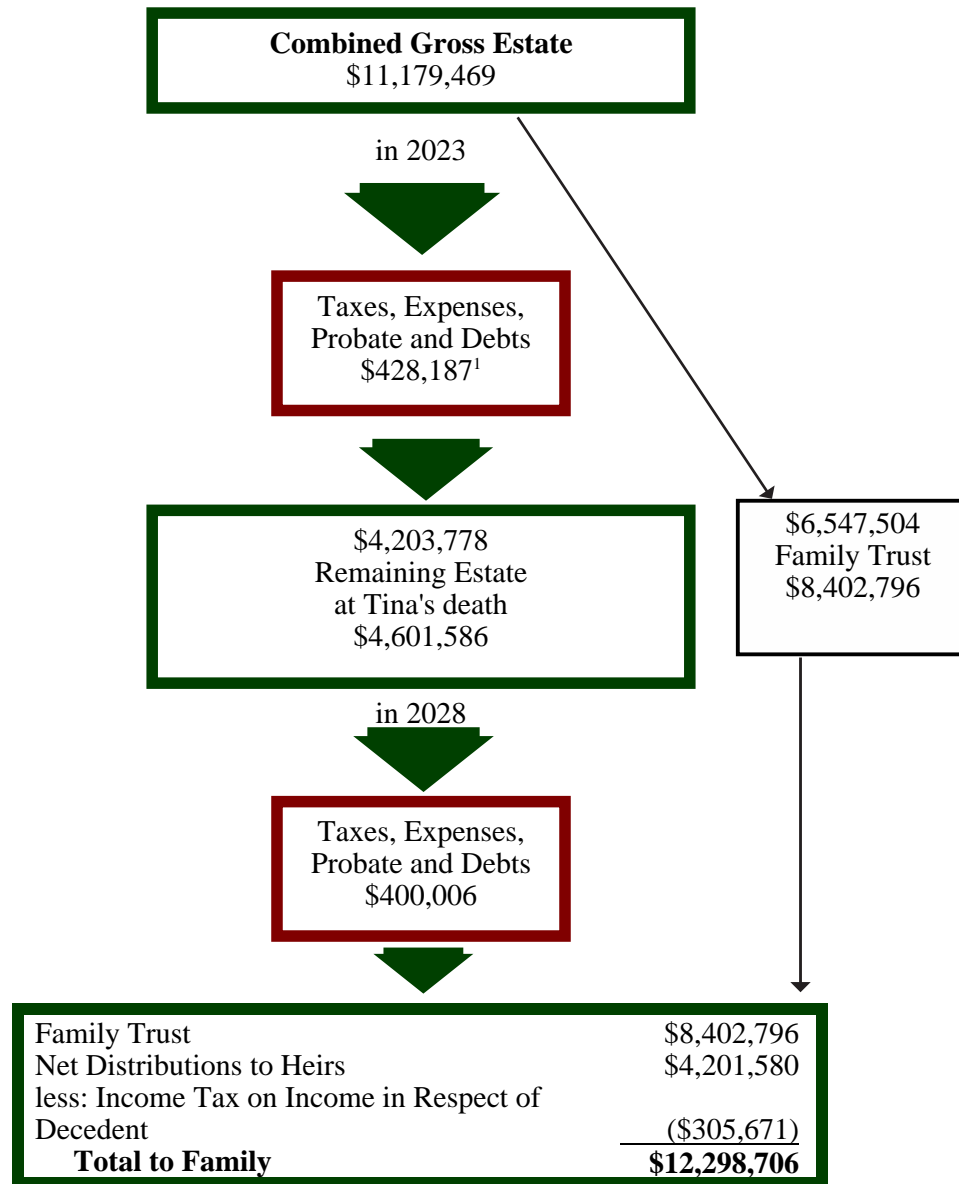
End of Year	Expected Income	Total Outgoing Payments	Change in Assets	End of Year Asset Values	Ed's Assets	Tina's Assets
			<b>Values Today</b>	<b>\$6,700,000</b>	<b>\$5,800,000</b>	<b>\$900,000</b>
2015	\$571,000	\$318,484	\$213,359	\$7,884,076	\$6,731,806	\$1,152,270
2016	638,880	399,617	366,907	8,490,246	7,170,854	1,319,392
2017	641,846	417,997	387,681	9,101,777	7,620,523	1,481,253
2018	164,902	198,254	355,961	9,457,738	7,940,652	1,517,085
2019	201,018	197,292	412,002	9,873,466	8,299,303	1,574,163
2020	208,336	214,043	430,459	10,303,924	8,674,555	1,629,369
2021	212,786	220,627	454,065	10,757,990	9,071,488	1,686,502
2022	187,370	211,412	465,293	11,223,283	9,484,601	1,738,682
			<b>Values at Ed's death after 8 years</b>		<b>\$9,484,601</b>	<b>\$1,738,682</b>

### Adjustments at Ed's Death

Cash Flow Adjustment					-\$21,907	-\$21,907
<b>Estate Total in 2023</b>					<b>\$9,462,694</b>	<b>\$1,716,775</b>
<b>Combined Estate Total</b>					<b>\$11,179,469</b>	

# Effects of Additional Planning

Ed Dies in 2023, Tina Dies in 2028



<sup>1</sup> Debts of \$1,064 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Effects of Additional Planning

Explanation of Values on Flowchart

## At Ed's Death in 2023

### Combined Gross Estate

The Combined Gross Estate is \$11,179,469. Included are assets owned by Ed and Tina.

### Taxes, Expenses, Probate and Debts

Tentative Tax Base (after expenses, deductions and adjustments): \$6,547,504<sup>1</sup>

Federal Estate Tax before Credits	\$2,564,802	
Applicable Unified Credit <sup>2</sup>	\$2,693,800	
New Jersey State Tax	\$322,496	
<b>Total Net Taxes Due</b>		<b>\$322,496</b>

### Remaining Estate

Tina's Assets at Ed's death	\$1,716,775	
<i>plus</i> Other Funds (Net Inheritance)	\$2,487,003	
Remaining Estate at Ed's death		<b>\$4,203,778</b>
includes IRA Rollover of \$521,077		
<b>Remaining Estate at Tina's death in 2028</b>		<b>\$4,601,586</b>
<b>with growth at assumed rates</b>		
includes IRA Rollover of \$521,077		

### Family Trust

A Family Trust is established at Ed's death, using assets valued at \$6,547,504. With growth at assumed rates, the Family Trust is worth \$8,402,796 at Tina's death.

## At Tina's Death in 2028

### Taxes, Expenses, Probate and Debts<sup>1</sup>

Tentative Tax Base (after expenses, deductions and adjustments): \$4,201,580

Federal Estate Tax before Credits	\$1,626,432	
Applicable Unified Credit <sup>2</sup>	\$3,262,798	
New Jersey State Tax	\$340,289	
<b>Total Net Taxes Due</b>		<b>\$340,289</b>

## Summary of Total Distributions to Heirs and Others

<b>Values at Second Death</b>	
<b>Total Net Distributions to Family</b>	<b>\$12,298,706</b>
<b>Total Distributions to Family and Charity</b>	<b>\$12,298,706</b>

<sup>1</sup> See the Estate Calculations page for further details on expenses and deductions.

<sup>2</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# A Solution

## Your Proposed Plan

With a combination of careful planning to reduce future estate taxes and probate expenses, and a life insurance policy to address the remaining expenses, your estate can pass intact. Expenses are paid with discounted dollars.



Your Heirs Get Theirs  
\$13,158,938

The Tax Man Gets His!  
Taxes, Expenses, & Probate  
\$1,119,122

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.



# Proposed New Life Insurance

## Additional Planning and New Life Insurance

This analysis of the proposed plans of Ed and Tina assumes that the following new life insurance is acquired.

### New Life Insurance

#### ILIT - New Life Insurance

Face Amount:	\$1,000,000	Insured:	Survivor
Monthly Premium:	\$1,000	Owner:	ILIT
		Beneficiary:	ILIT
Premium Gift:	Exclusion	Premium Payer:	Joint
		Eligible for Annual Exclusion?	Yes
		Number of Exclusions:	1.00

Insurance owned outside the estate usually refers to insurance not owned by a decedent and not payable to the decedent's estate, but other factors may have to be taken into consideration.

Insurance is included in the estate when the incidents of ownership or the beneficiary designation causes the death proceeds to be included in the taxable estate. A change in ownership or beneficiary designation may be needed to exclude the proceeds from estate taxation. Transfer of a policy by the policy owner within three years of death will cause the death proceeds to be included in the gross estate. When a policy is gifted or transferred, it may be necessary to file a gift tax return. Such gift taxes may not be illustrated in this report. You should consult with your attorney for specific advice.

If life insurance intended to address estate taxes is included in the estate, the insurance itself becomes a taxable item, reducing its value. Life insurance that is not included in the gross estate passes to the beneficiaries undiminished by estate taxes.

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Effects of Planning and New Life Insurance

## Projected Growth of Assets

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

End of Year	Expected Income	Total Outgoing Payments	Change in Assets	End of Year Asset Values	Ed's Assets	Tina's Assets
			<b>Values Today</b>	<b>\$6,700,000</b>	<b>\$5,800,000</b>	<b>\$900,000</b>
2015	\$571,000	\$325,484	\$213,359	\$7,877,076	\$6,728,306	\$1,148,770
2016	638,880	411,617	366,907	8,471,246	7,161,354	1,309,892
2017	641,846	429,997	387,681	9,070,777	7,605,023	1,465,753
2018	164,902	210,254	343,961	9,414,738	7,919,152	1,495,585
2019	201,018	209,292	403,728	9,818,466	8,271,803	1,546,663
2020	208,336	226,043	418,459	10,236,924	8,641,055	1,595,869
2021	212,786	232,627	442,065	10,678,990	9,031,988	1,647,002
2022	187,370	223,412	453,293	11,132,283	9,439,101	1,693,182
			<b>Values at Ed's death after 8 years</b>		<b>\$9,439,101</b>	<b>\$1,693,182</b>

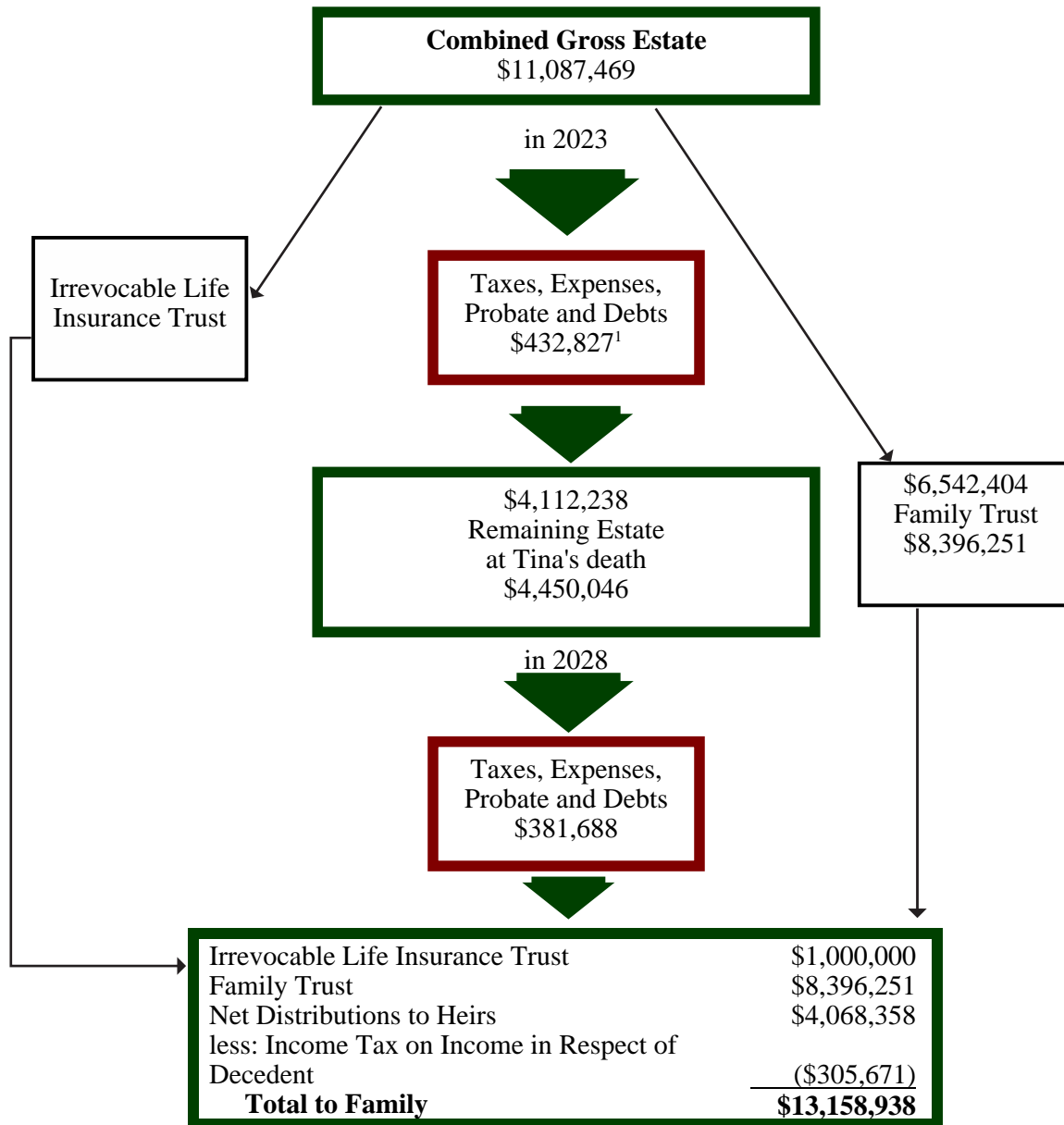
### Adjustments at Ed's Death

Cash Flow Adjustment					-\$22,407	-\$22,407
<b>Estate Total in 2023</b>					<b>\$9,416,694</b>	<b>\$1,670,775</b>
<b>Combined Estate Total</b>					<b>\$11,087,469</b>	

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Effects of Planning and New Life Insurance

Ed Dies in 2023, Tina Dies in 2028



Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> Debts of \$1,064 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Effects of Planning and New Life Insurance

Explanation of Values on Flowchart

## At Ed's Death in 2023

### Combined Gross Estate

The Combined Gross Estate is \$11,087,469. Included are assets owned by Ed and Tina.

### Taxes, Expenses, Probate and Debts

Tentative Tax Base (after expenses, deductions and adjustments): \$6,542,404<sup>1</sup>

Federal Estate Tax before Credits	\$2,562,762	
Applicable Unified Credit <sup>2</sup>	\$2,693,800	
New Jersey State Tax	\$327,596	
<b>Total Net Taxes Due</b>		<b>\$327,596</b>

### Remaining Estate

Tina's Assets at Ed's death	\$1,670,775	
<i>plus</i> Other Funds (Net Inheritance)	\$2,441,463	
Remaining Estate at Ed's death		<b>\$4,112,238</b>
includes IRA Rollover of \$521,077		
<b>Remaining Estate at Tina's death in 2028</b>		<b>\$4,450,046</b>
<b>with growth at assumed rates</b>		
includes IRA Rollover of \$521,077		

### Family Trust

A Family Trust is established at Ed's death, using assets valued at \$6,542,404. With growth at assumed rates, the Family Trust is worth \$8,396,251 at Tina's death.

## At Tina's Death in 2028

### Taxes, Expenses, Probate and Debts<sup>1</sup>

Tentative Tax Base (after expenses, deductions and adjustments): \$4,068,358

Federal Estate Tax before Credits	\$1,573,143	
Applicable Unified Credit <sup>2</sup>	\$3,264,838	
New Jersey State Tax	\$323,487	
<b>Total Net Taxes Due</b>		<b>\$323,487</b>

### Value of Other Items at Second Death

Irrevocable Life Insurance Trust (ILIT)	\$1,000,000
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### Summary of Total Distributions to Heirs and Others

#### Values at Second Death

Irrevocable Life Insurance Trust (ILIT)	\$1,000,000	
<b>Total Net Distributions to Family</b>		<b>\$13,158,938</b>
<b>Total Distributions to Family and Charity</b>		<b>\$13,158,938</b>

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> See the Estate Calculations page for further details on expenses and deductions.

<sup>2</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# Effects of Planning and New Life Insurance

## Sources of Cash

To maintain cash flow each year it may be necessary to withdraw a portion of the earnings or even liquidate one or more assets. Based on the information you supplied, each of your assets has been prioritized as to which asset would be used first, which would be last, and with all others in between. This same priority list is used at Tina's death to determine which assets would be used for any additional liquidity needs. The following assets are utilized in your Proposed Plan with New Life Insurance:

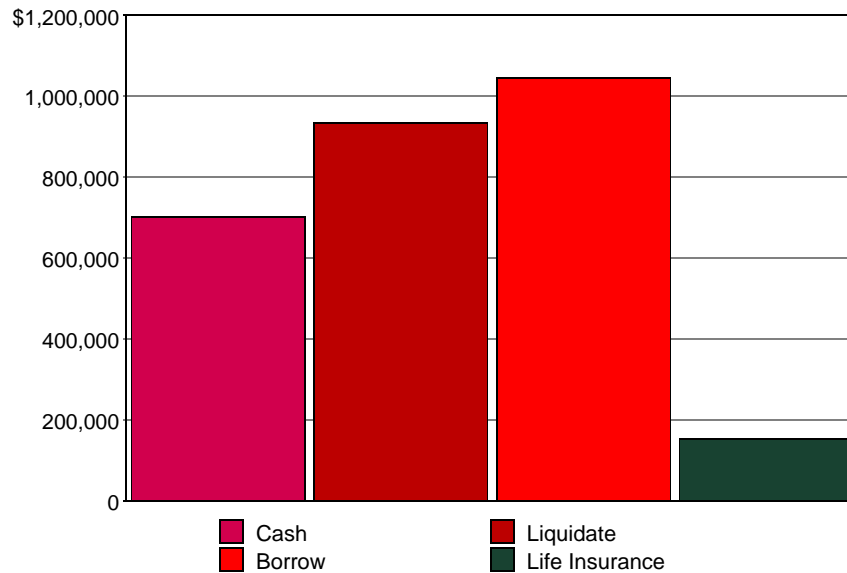
## Priority Ordering

<b>Asset</b>	<b>Limit Uses to</b>
Checking Account	Unrestricted
Mutual Fund 1	Unrestricted
Mutual Fund 2	Unrestricted
Mutual Fund 3	Unrestricted
Mutual Fund 4	Unrestricted
All Other Assets	Unrestricted
Tina's IRA	Retirement
Stocks	Unrestricted
Misc Stocks	Unrestricted
Ed 401(k)	Retirement
Mutual Fund 5	Unrestricted
Family Trust	Unrestricted
House	Do Not Use
Beach House	Do Not Use
Tina's Gift Shop	Do Not Use
Internet Business	Do Not Use

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# A Comparison of Funding Alternatives

## Your Proposed Plan with New Life Insurance



These values do not reflect the time value of money. Some numbers show the amount at death, some show the sum of payments that begin at death, and life insurance shows the sum of premiums beginning now. See the following page for the net present value of these amounts.

Cash	\$705,677
Liquidate Assets	At a liquidation ratio of 75%, \$940,903 of assets need to be sold to net \$705,677 cash.
Borrow	At 8.000%, 10 annual payments of \$105,167 would equal \$1,051,667.
Life Insurance	Total premium payments of \$152,000 over the next 13 years.

Assumes that Ed dies in 8 years and Tina dies 5 years later.

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# A Comparison of Funding Alternatives

Net Present Value Calculated at 5.00% Over 13 Years

	Total Cost	Net Present Value	Cost of One Dollar
Cash	\$705,677	\$374,236	\$1.00
Liquidate Assets	\$940,903	\$498,981	\$1.33
Borrow	\$1,051,667	\$430,658	\$1.15
Life Insurance	\$152,000	\$108,466	\$0.29

Total Cost does not reflect the time value of money. Some numbers show the amount at death, some show the sum of payments that begin at death, and life insurance shows the sum of premiums beginning now. The Net Present Value shows the relative value in today's dollars.

Calculations are based on total taxes, expenses, and probate expenses of \$705,677. Assumes Ed dies in 2023 and Tina dies in 2028.

Life insurance illustrated is assumed to have incidents of ownership and beneficiary designations outside the estate of the insured(s).

**For Evaluation Purposes Only can provide a solution at a reduced cost!**

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Action Plan

## Putting Your Plan into Effect

Check When Completed	Action	Who Is Responsible	Target Date
_____	Establish and/or review life insurance trust(s)	Attorney, Ed and Tina	___ / ___ / ___
_____	Complete application for new life insurance policy	Trustee, Ed and Tina	___ / ___ / ___
_____	Medical exam	Ed	___ / ___ / ___
_____	Medical exam	Tina	___ / ___ / ___
_____	Schedule gifts to irrevocable life insurance trust	Ed and Tina	___ / ___ / ___
_____	Review and change ownership or beneficiaries to reflect will provisions	Attorney, Ed and Tina	___ / ___ / ___
_____	Deliver life insurance policies	Agent	___ / ___ / ___
_____	Annual review of the plan	Agent, Attorney, Ed and Tina	___ / ___ / ___



# Supporting Details

# Assets Before Death

Your Proposed Plan

This analysis assumes that Ed dies in 8 years and Tina dies 5 years later. The growth of your assets until death considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

End of Year	Expected Income	Total Outgoing Payments	Change in Assets	End of Year Asset Values	Ed's Assets	Tina's Assets
			<b>Values Today</b>	<b>\$6,700,000</b>	<b>\$5,800,000</b>	<b>\$900,000</b>
2015	\$571,000	\$325,484	\$213,359	\$7,877,076	\$6,728,306	\$1,148,770
2016	638,880	411,617	366,907	8,471,246	7,161,354	1,309,892
2017	641,846	429,997	387,681	9,070,777	7,605,023	1,465,753
2018	164,902	210,254	343,961	9,414,738	7,919,152	1,495,585
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2020	208,336	226,043	418,459	10,236,924	8,641,055	1,595,869
2021	212,786	232,627	442,065	10,678,990	9,031,988	1,647,002
2022	187,370	223,412	453,293	11,132,283	9,439,101	1,693,182
			<b>Values at Ed's death after 8 years</b>		<b>\$9,439,101</b>	<b>\$1,693,182</b>

## Adjustments at Ed's Death

Cash Flow Adjustment	-	-\$22,407	-\$22,407
<b>Estate Total in 2023</b>		<b>\$9,416,694</b>	<b>\$1,670,775</b>
<b>Combined Estate Total</b>		<b>\$11,087,469</b>	

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Estate Calculations

Calculations at First Death

## Ed Dies First in 2023

	Current Plan	Proposed Plan
<b>Ed's Gross Estate</b>	<b>\$8,033,554</b>	<b>\$9,416,694</b>
Liabilities	(\$2,128)	(\$1,064)
<b>A. Net Estate</b>	<b>\$8,031,426</b>	<b>\$9,415,630</b>
Estate Expenses		
Probate and Administrative Fees	\$80,336	\$94,167
Final Expenses	\$10,000	\$10,000
<b>B. Total Expenses</b>	<b>\$90,336</b>	<b>\$104,167</b>
<b>C. Adjusted Gross Estate (A-B)</b>	<b>\$7,941,090</b>	<b>\$9,311,463</b>
Deductions		
Marital Deduction	\$7,941,090	\$2,441,463
State Tax Deductions	\$0	\$327,596
<b>D. Total Deductions</b>	<b>\$7,941,090</b>	<b>\$2,769,059</b>
<b>E. Total Additions</b>	<b>\$0</b>	<b>\$0</b>
<b>F. Tentative Tax Base (C-D+E)</b>	<b>\$0</b>	<b>\$6,542,404</b>
Taxes and Credits		
Federal Estate Tax before Credits	\$0	\$2,562,762
Applicable Unified Credit <sup>1</sup>	(\$2,693,800)	(\$2,693,800)
State Tax	\$0	\$327,596
<b>G. Total Net Taxes Due</b>	<b>\$0</b>	<b>\$327,596</b>
<b>H. Distributions at Ed's Death (C-G)</b>	<b>\$7,941,090</b>	<b>\$8,983,867</b>

<sup>1</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# Estate Transferred to Heirs

## Distributions Following First Death

### Ed Dies First in 2023

	Current Plan	Proposed Plan
<b>Ed's Gross Estate</b>	<b>\$8,033,554</b>	<b>\$9,416,694</b>
less Liabilities	(\$2,128)	(\$1,064)
less Total Expenses	(\$90,336)	(\$104,167)
less Total Net Taxes Due	(\$0)	(\$327,596)
<b>After Tax Estate</b>	<b>\$7,941,090</b>	<b>\$8,983,867</b>
<b>Reduction after Taxes and Expenses</b>	<b>1%</b>	<b>5%</b>
<b>Distributions of Estate Assets</b>		
Ed's Bequests	\$0	\$0
Marital Deduction	\$7,941,090	\$2,441,463
Family Trust		\$6,542,404

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Assets Between Deaths

Proposed Plan

The growth of your assets between Ed's death and Tina's death considers your income as well as the portion of existing assets used for the spending patterns detailed in the assumptions.

## Growth of Tina's Assets Between Deaths

End of Year	Expected Income	Total Outgoing Payments	Change in Assets	End of Year Asset Values
2023	\$117,355	\$640,226	-\$6,940,410	\$4,191,873
2024	135,639	194,345	71,206	4,263,079
2025	139,708	203,361	71,534	4,334,613
2026	143,899	209,498	75,104	4,409,717
2027	148,216	215,819	78,866	4,488,583
<b>Values at Tina's death in 5 years</b>				<b>\$4,488,583</b>
<b>Adjustments at Tina's Death</b>				
	Cash Flow Adjustments			-\$38,537
<b>Estate Total in 2028</b>				<b>\$4,450,046</b>

# Estate Calculations

Calculations at Second Death

## Tina Dies Second in 2028

	Current Plan	Proposed Plan
<b>Tina's Gross Estate</b>	<b>\$16,446,127</b>	<b>\$4,450,046</b>
Liabilities	\$4,934	\$3,701
<b>A. Net Estate</b>	<b>\$16,441,193</b>	<b>\$4,446,346</b>
<b>Estate Expenses</b>		
Probate and Administrative Fees	\$669,189	\$44,500
Final Expenses	\$10,000	\$10,000
<b>B. Total Expenses</b>	<b>\$679,189</b>	<b>\$54,500</b>
<b>C. Adjusted Gross Estate (A-B)</b>	<b>\$15,762,004</b>	<b>\$4,391,845</b>
<b>Deductions</b>		
State Tax Deduction	\$1,988,721	\$323,487
<b>D. Total Deductions</b>	<b>\$1,988,721</b>	<b>\$323,487</b>
<b>E. Total Additions</b>	<b>\$0</b>	<b>\$0</b>
<b>F. Tentative Tax Base (C-D+E)</b>	<b>\$13,773,283</b>	<b>\$4,068,358</b>
<b>Taxes and Credits</b>		
Federal Estate Tax before Credits	\$5,455,113	\$1,573,143
Applicable Unified Credit <sup>1</sup>	(\$5,881,800)	(\$3,264,838)
State Tax	\$1,988,721	\$323,487
<b>G. Total Net Taxes Due</b>	<b>\$1,988,721</b>	<b>\$323,487</b>
<b>H. Income Tax on Income in Respect of Decedent</b>	<b>\$1,339,774</b>	<b>\$305,671</b>
<b>I. Distributions at Tina's Death (C-G-H)</b>	<b>\$12,433,509</b>	<b>\$3,762,687</b>

<sup>1</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# Estate Transferred to Heirs

## Distributions Following Second Death

### Tina Dies Second in 2028

	Current Plan	Proposed Plan
<b>Tina's Gross Estate</b>	<b>\$16,446,127</b>	<b>\$4,450,046</b>
less Liabilities	(\$4,934)	(\$3,701)
less Total Expenses	(\$679,189)	(\$54,500)
less Total Net Taxes Due	(\$1,988,721)	(\$323,487)
less Income Tax on IRD	(\$1,339,774)	(\$305,671)
<b>After Tax Estate</b>	<b>\$12,433,509</b>	<b>\$3,762,687</b>
<b>Reduction after Taxes and Expenses</b>	<b>24%</b>	<b>15%</b>
<b>Distribution of Estate Assets</b>		
Tina's Bequests	\$8,605,583	\$2,889,341
Family Trust	\$0	\$8,396,251
<b>Other Distributions</b>		
Life Insurance Available		
Irrevocable Life Insurance Trust	\$0	\$1,000,000
Other Transfers to Heirs	\$3,827,926	\$873,346
<b>Total Estate Transferred</b>	<b>\$12,433,509</b>	<b>\$13,158,938</b>
<b>Increased Distributions to Heirs and Others from New Life Insurance and Additional Planning</b>		<b>\$725,429</b>

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Liquidity Needed

Amount to Preserve Estate Assets

## Ed Dies First in 2023

	Current Plan	Proposed Plan
<b>Estate Taxes and Expenses</b>		
Probate and Administrative Fees	\$80,336	\$94,167
Final Expenses	\$10,000	\$10,000
Liabilities	\$2,128	\$1,064
Estate Taxes	\$0	\$327,596
<b>Total Taxes, Expenses, Probate and Debts</b>	<b>\$92,464</b>	<b>\$432,827</b>
<b>Total Estate Settlement Costs</b>	<b>\$92,464</b>	<b>\$432,827</b>
<b>Additional Liquidity Outside Estate Needed to Preserve Estate Assets</b>	<b>\$92,464</b>	<b>\$432,827</b>
<b>Estimated Percentage of Liquid Assets in the Estate at Death<sup>1</sup></b>	<b>41%</b>	<b>51%</b>

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> Estimated only, based on existing mix of assets and all other assumptions. Actual liquid assets will depend on a number of factors. Of course, even if liquid assets are available you may not want to use them to pay estate transfer costs.



# Liquidity Needed

Amount to Preserve Estate Assets

## Tina Dies Second in 2028

	Current Plan	Proposed Plan
<b>Estate Taxes and Expenses</b>		
Probate and Administrative Fees	\$669,189	\$44,500
Final Expenses	\$10,000	\$10,000
Liabilities	\$4,934	\$3,701
Estate Taxes	\$1,988,721	\$323,487
<b>Total Taxes, Expenses, Probate and Debts</b>	<b>\$2,672,844</b>	<b>\$381,688</b>
Income Tax on Income in Respect of Decedent	\$1,339,774	\$305,671
<b>Total Estate Settlement Costs</b>	<b>\$4,012,618</b>	<b>\$687,359</b>
<i>less</i> Life Insurance Available		
Irrevocable Life Insurance Trust	\$0	\$1,000,000
<b>Additional Liquidity Outside Estate Needed to Preserve Estate Assets</b>	<b>\$4,012,618</b>	<b>\$0</b>
<b>Estimated Percentage of Liquid Assets in the Estate at Death<sup>1</sup></b>	<b>41%</b>	<b>3%</b>

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> Estimated only, based on existing mix of assets and all other assumptions. Actual liquid assets will depend on a number of factors. Of course, even if liquid assets are available you may not want to use them to pay estate transfer costs.

# IRD Calculations for Proposed Plan

IRD after Tina's Death in 2028

To calculate IRD (Income in Respect of a Decedent), first calculate estate taxes including the IRD Assets. Then calculate estate taxes without the IRD Assets. The difference in these two amounts can be used as a deduction for income tax purposes. Deduct this difference from the IRD Assets. Calculate income taxes on the remainder.

**Case Data: Assets**                    **\$3,576,700**  
**IRD Assets**                                **\$873,346**

## With IRD Assets

### Estate Calculations

Total Estate	\$4,450,046
Expenses - Liabilities	\$58,201
Adjusted Gross Estate	\$4,391,845
Total Deductions	\$323,487
Tentative Tax Base	\$4,068,358

### Estate Taxes and Credits

Federal Estate Tax	
before Tax Credits	\$1,573,143
Applicable Unified Credit <sup>1</sup>	\$3,264,838
Federal Tax with IRD Assets	\$0

## Without IRD Assets

### Estate Calculations

Total Estate	\$3,576,700
Expenses - Liabilities	\$49,468
Adjusted Gross Estate	\$3,527,232
Total Deductions	\$231,814
Tentative Tax Base	\$3,295,418

### Estate Taxes and Credits

Federal Estate Tax	
before Tax Credits	\$1,263,967
Applicable Unified Credit <sup>1</sup>	\$3,264,838
Federal Tax without IRD Assets	\$0

	Federal Estate Tax with IRD Assets	\$0
<i>less</i>	Federal Estate Tax without IRD Assets	(\$0)
	Federal Estate Tax attributed to IRD	\$0
	IRD Assets	\$873,346
<i>less</i>	Deduction for Estate Tax Attributed to IRD	(\$0)
	Taxable Income from IRD Assets	\$873,346
	Assumed Income Tax Rate	35%
	<b>Tax on Income in Respect of a Decedent</b>	<b>\$305,671</b>

<sup>1</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# State Death Taxes

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## Calculating New Jersey Death Taxes

### **What Property Is Subject to State Death Taxes?**

In addition to the federal estate taxes paid on assets held in your estate at death, state death taxes may have to be paid on those same assets. New Jersey taxes all real estate, tangible and intangible property located in the state's boundaries and if you have assets in other states, the other states will tax property located within their boundaries as well.

### **How Do State Death Taxes Work?**

Before 2001, most states assessed their estate taxes based on that maximum allowable federal credit amount. These states are called "Pick-Up States". On the federal estate tax return, the estate received a credit for state death taxes paid up to a maximum amount (calculated by the federal government).

EGTRRA 2001 phased out the state death tax credit allowed against the federal estate tax in 25 percent increments between 2002 and 2005. For 2005 and later, the credit was replaced by a deduction for state death taxes paid. The Tax Acts of 2010 and 2012 extended this deduction; therefore, most "Pick-up States" will not assess state death taxes.

### **New Jersey Estate Tax**

Some states choose to have their own stand-alone state death tax calculations which are called "State Estate Taxes". New Jersey has an estate tax based on pre-EGTRRA 2001 tax laws. The estate tax is equal to what the federal credit would have been prior to EGTRRA 2001.

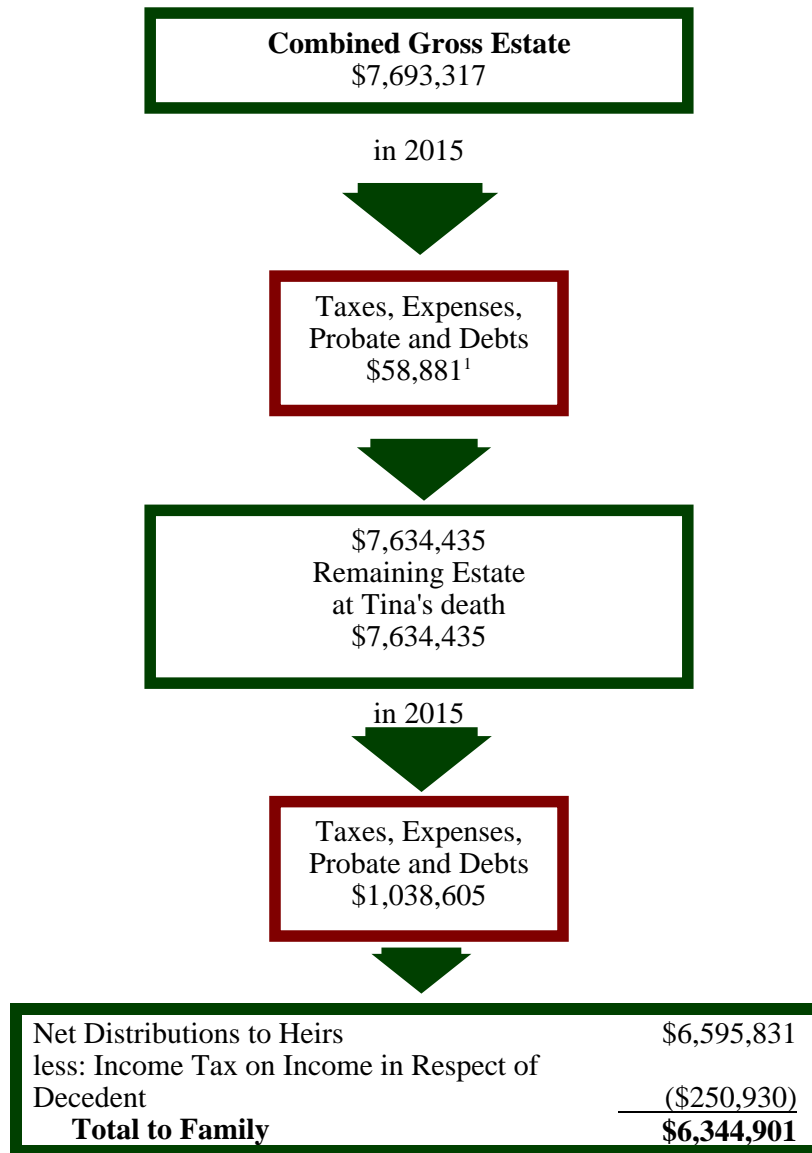
### **New Jersey Inheritance Tax**

New Jersey charges a State Inheritance Tax which is a tax on the right of an heir to receive property from the estate of the deceased. The value of the decedent's estate as a whole does not help to determine the inheritance tax, rather the relationship of the heir to the decedent and the value of the share received together determine the tax. This tax is levied to the heir, not the estate. This tax is in addition to the state estate tax.

Because state death taxes vary greatly from state-to-state and states may revise tax laws at any time, you and your advisor should review your state's laws carefully.

# Your Current Plan Today

Ed Dies in 2015, Tina Dies in 2015



<sup>1</sup> Debts of \$7,980 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Effects of Additional Planning Today

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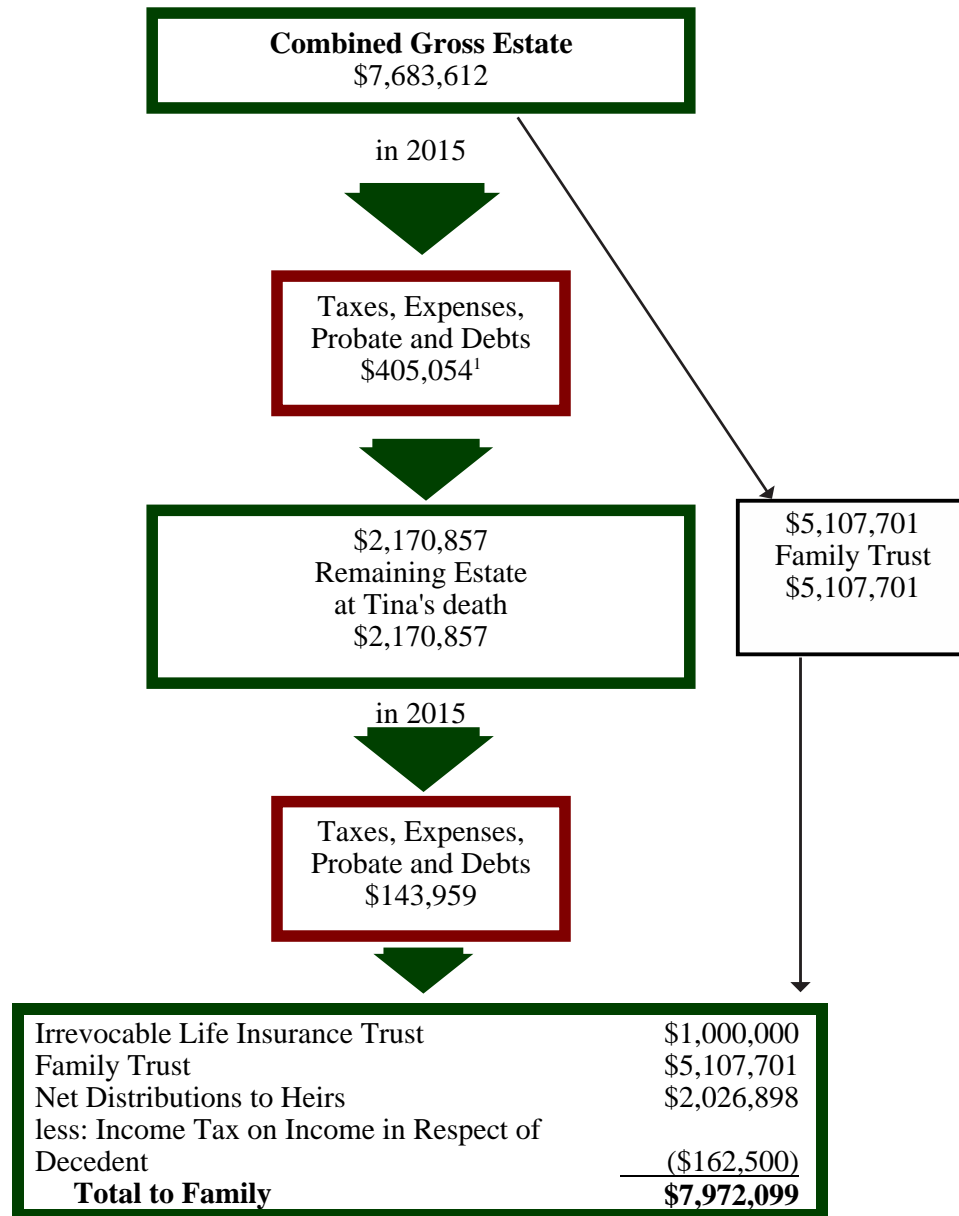
## Total Value of Assets

This analysis assumes that both Ed and Tina die today. The total value of your assets today considers your income as well as the portion of existing assets used to provide the spending patterns detailed in the assumptions.

	<b>Ed's Assets</b>	<b>Tina's Assets</b>
<b>Values at Death Today</b>	\$5,800,000	\$900,000
<b>Adjustments at Ed's Death</b>		
Cash Flow Adjustment	\$761,515	\$222,096
<b>Estate Total in 2015</b>	<b>\$6,561,515</b>	<b>\$1,122,096</b>
<b>Combined Estate Total</b>		<b>\$7,683,612</b>

# Effects of Additional Planning Today

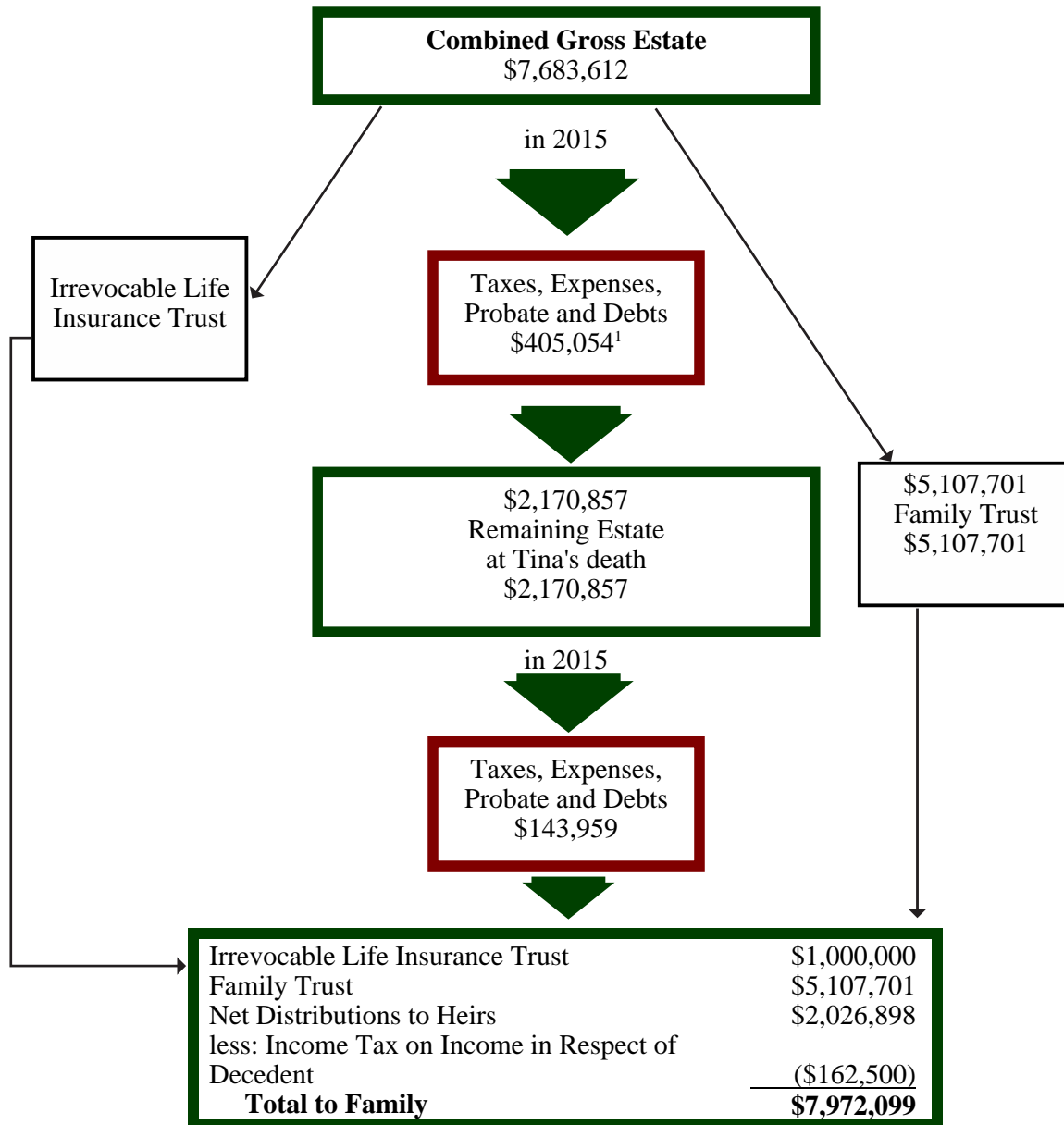
Ed Dies in 2015, Tina Dies in 2015



<sup>1</sup> Debts of \$7,140 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Planning with New Life Insurance Today

Ed Dies in 2015, Tina Dies in 2015

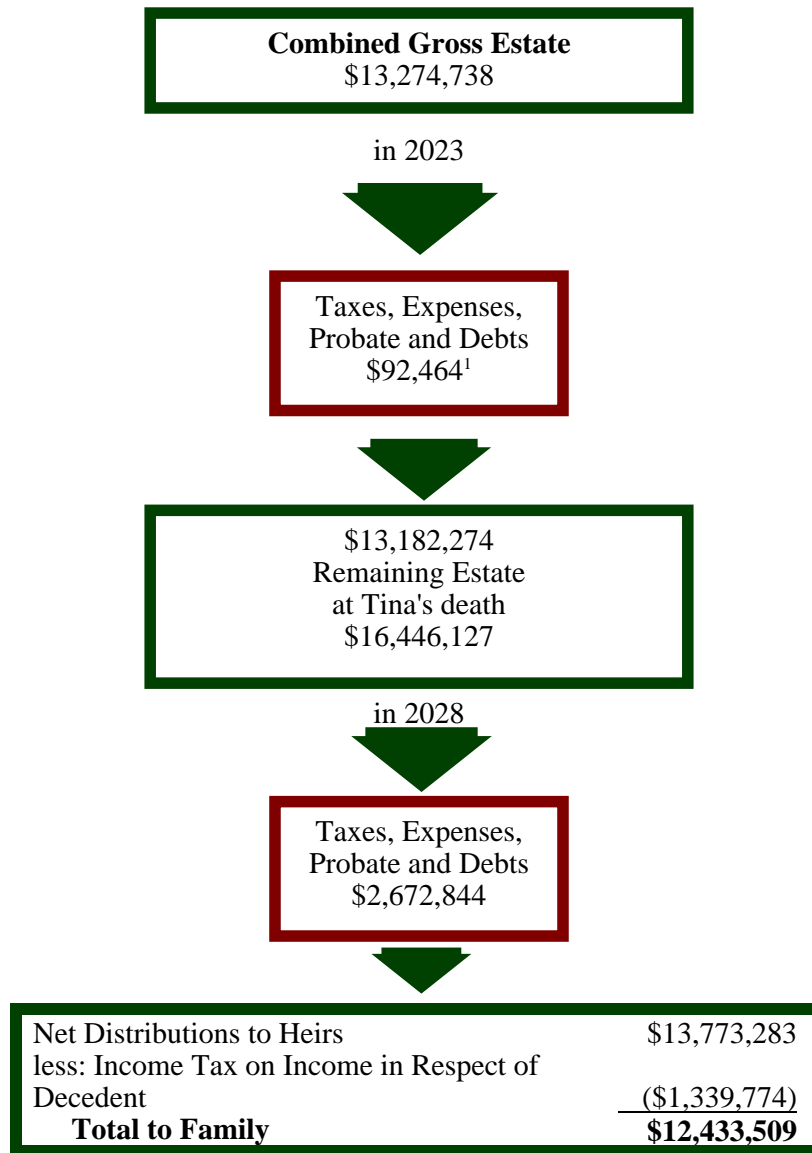


Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> Debts of \$7,140 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Your Current Plan

Ed Dies in 2023, Tina Dies in 2028

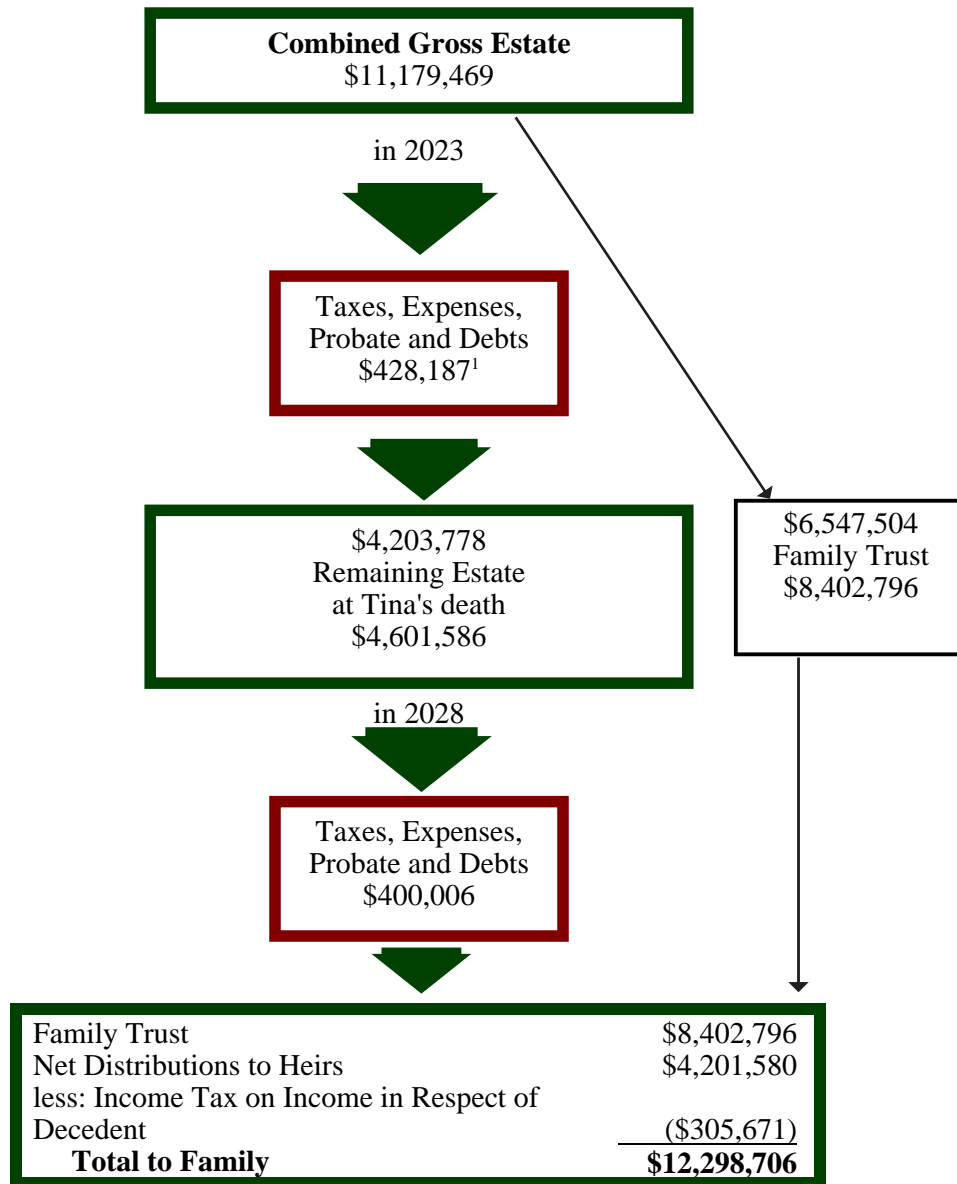


<sup>1</sup> Debts of \$2,128 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.



# Effects of Additional Planning

Ed Dies in 2023, Tina Dies in 2028



<sup>1</sup> Debts of \$1,064 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Effects of Additional Planning

Explanation of Values on Flowchart

## At Ed's Death in 2023

### Combined Gross Estate

The Combined Gross Estate is \$11,179,469. Included are assets owned by Ed and Tina.

### Taxes, Expenses, Probate and Debts

Tentative Tax Base (after expenses, deductions and adjustments): \$6,547,504<sup>1</sup>

Federal Estate Tax before Credits	\$2,564,802	
Applicable Unified Credit <sup>2</sup>	\$2,693,800	
New Jersey State Tax	\$322,496	
<b>Total Net Taxes Due</b>		<b>\$322,496</b>

### Remaining Estate

Tina's Assets at Ed's death	\$1,716,775	
<i>plus</i> Other Funds (Net Inheritance)	\$2,487,003	
Remaining Estate at Ed's death		<b>\$4,203,778</b>
includes IRA Rollover of \$521,077		
<b>Remaining Estate at Tina's death in 2028</b>		<b>\$4,601,586</b>
<b>with growth at assumed rates</b>		
includes IRA Rollover of \$521,077		

### Family Trust

A Family Trust is established at Ed's death, using assets valued at \$6,547,504. With growth at assumed rates, the Family Trust is worth \$8,402,796 at Tina's death.

## At Tina's Death in 2028

### Taxes, Expenses, Probate and Debts<sup>1</sup>

Tentative Tax Base (after expenses, deductions and adjustments): \$4,201,580

Federal Estate Tax before Credits	\$1,626,432	
Applicable Unified Credit <sup>2</sup>	\$3,262,798	
New Jersey State Tax	\$340,289	
<b>Total Net Taxes Due</b>		<b>\$340,289</b>

## Summary of Total Distributions to Heirs and Others

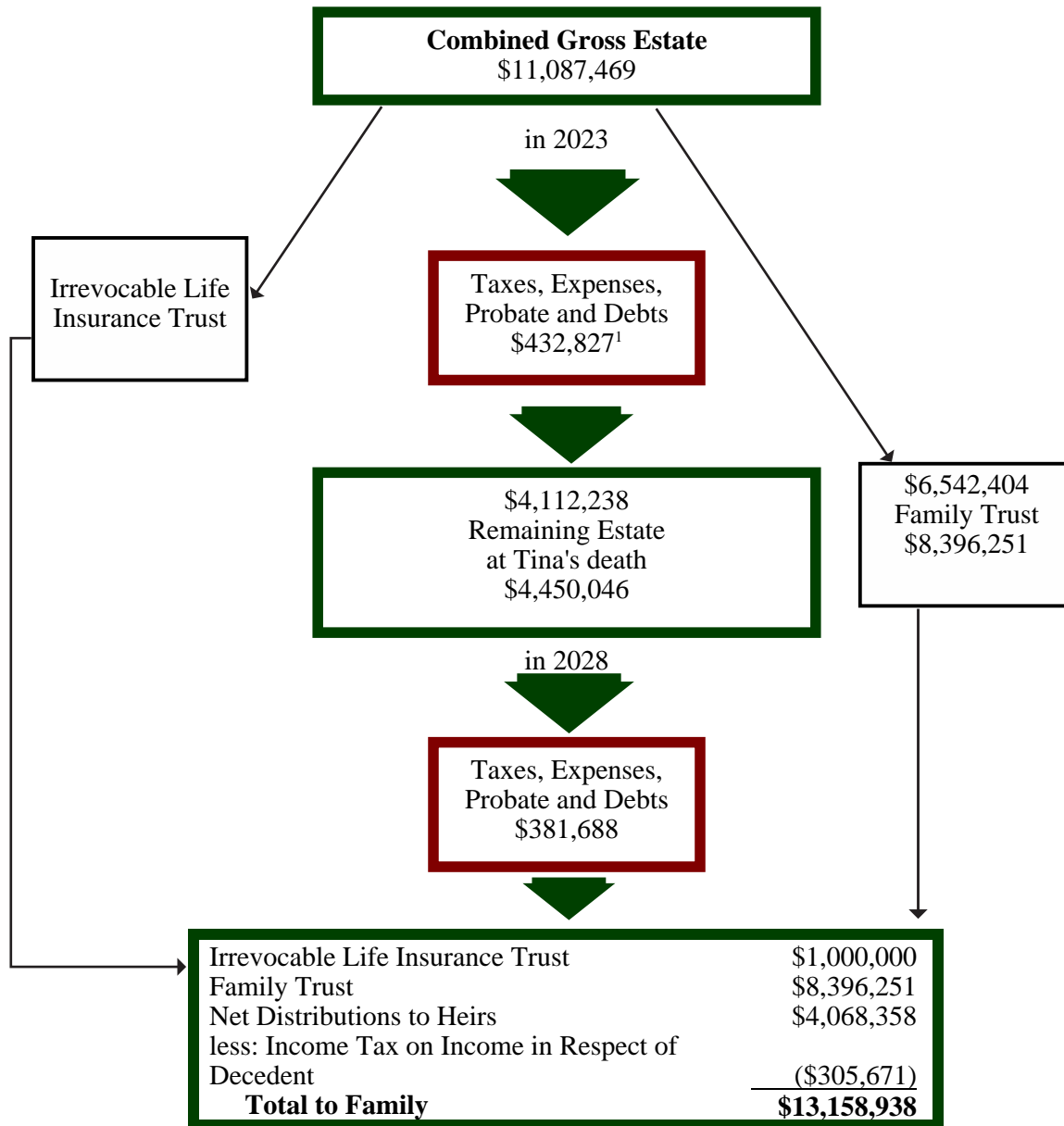
<b>Values at Second Death</b>	
<b>Total Net Distributions to Family</b>	<b>\$12,298,706</b>
<b>Total Distributions to Family and Charity</b>	<b>\$12,298,706</b>

<sup>1</sup> See the Estate Calculations page for further details on expenses and deductions.

<sup>2</sup> American Taxpayer Relief Act of 2012 provides for an Applicable Exclusion amount of \$5,000,000, indexed for inflation after 2011. The Basic Unified Credit is \$1,945,800, indexed for inflation after 2011. Unused Applicable Exclusion amounts may be passed to the surviving spouse ('portability'), provided an election is made on a timely filed estate tax return of the deceased spouse (DSUEA). The Applicable Unified Credit amount is the Basic Unified Credit plus 40% of the DSUEA used at death, if any.

# Effects of Planning and New Life Insurance

You Die in 2023



Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> Debts of \$1,064 are deductible for estate tax calculations even though some of these debts were not paid but transferred to the surviving spouse.

# Asset Summary

All Assets

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

<b>End of Year</b>	<b>Beginning of Year Assets</b>	<b>Change in Asset Values</b>	<b>End of Year Asset Value<sup>1</sup></b>	<b>Net Assets Used for Cash Flow<sup>2</sup></b>
2015	\$7,418,201	\$213,359	\$7,877,076	\$0
2016	7,877,076	366,907	8,471,246	0
2017	8,471,246	387,681	9,070,777	0
2018	9,070,777	343,961	9,414,738	45,352
2019	9,414,738	403,728	9,818,466	8,274
2020	9,818,466	418,459	10,236,924	17,707
2021	10,236,924	442,065	10,678,990	19,841
2022	10,678,990	453,293	11,132,283	36,042
2023	11,132,283	-6,940,410	4,191,873	521,807
2024	4,191,873	71,206	4,263,079	58,706
2025	4,263,079	71,534	4,334,613	63,653
2026	4,334,613	75,104	4,409,717	65,599
2027	4,409,717	78,866	4,488,583	67,602

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

<sup>1</sup> Assets equal total income less outgoing payments plus net effects of cash flow plus existing assets.

<sup>2</sup> See Net Adjustments for Cash Flow page.

# Liability Summary

All Liabilities

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

<b>End of Year</b>	<b>Beginning of Year Total Liabilities<sup>1</sup></b>	<b>New Loans Added</b>	<b>Interest Charges</b>	<b>Total Payments To Principal and Interest</b>	<b>End of Year Total Liabilities</b>
2015	\$0	\$0	\$0	\$0	\$0
2016	17,500	0	0	0	0
2017	32,048	0	0	0	0
2018	32,966	0	0	0	0
2019	27,939	0	0	0	0
2020	40,503	0	0	0	0
2021	42,775	0	0	0	0
2022	44,013	0	0	0	0
2023	45,287	1,064	0	0	0
2024	28,382	0	0	0	0
2025	32,779	0	0	0	0
2026	34,158	0	0	0	0
2027	35,579	0	0	0	0

<sup>1</sup> Beginning of Year Total Liabilities equal the total liabilities at the end of the prior year plus any tax liabilities from the prior year since taxes are generally due and payable in the following year.

# Income Summary

Total Income Received

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

End of Year	Salary	Other Income <sup>1</sup>	Social Security <sup>2</sup>	Earnings (Cash, Dividends)	Retirement Plan Distributions	Total Expected Income
2015	\$515,000	\$56,000	\$0	\$0	\$0	\$571,000
2016	540,000	98,880	0	0	0	638,880
2017	540,000	101,846	0	0	0	641,846
2018	60,000	104,902	0	0	0	164,902
2019	60,000	108,049	32,970	0	0	201,018
2020	60,000	111,290	37,046	0	0	208,336
2021	60,000	114,629	38,157	0	0	212,786
2022	30,000	118,068	39,302	0	0	187,370
2023	0	93,741	23,614	0	0	117,355
2024	0	93,944	41,695	0	0	135,639
2025	0	96,762	42,946	0	0	139,708
2026	0	99,665	44,235	0	0	143,899
2027	0	102,655	45,562	0	0	148,216

<sup>1</sup> Other Income includes any estimated tax refunds for the prior year.

<sup>2</sup> Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Ed is age 66 and FRA for Tina is age 66 and 6 months.

# Net Adjustments for Cash Flow

Adjustments

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

<b>End of Year</b>	<b>Expected Income</b>	<b>New Loan Proceeds</b>	<b>Net Assets Used for Cash Flow</b>	<b>Annual Shortfall</b>	<b>Total Outgoing Payments</b>
2015	\$571,000	\$0	\$0	---	\$325,484
2016	638,880	0	0	---	411,617
2017	641,846	0	0	---	429,997
2018	164,902	0	45,352	---	210,254
2019	201,018	0	8,274	---	209,292
2020	208,336	0	17,707	---	226,043
2021	212,786	0	19,841	---	232,627
2022	187,370	0	36,042	---	223,412
2023	117,355	1,064	521,807	---	640,226
2024	135,639	0	58,706	---	194,345
2025	139,708	0	63,653	---	203,361
2026	143,899	0	65,599	---	209,498
2027	148,216	0	67,602	---	215,819

# Qualified Plan Summary

Effects on Cash Flow

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

<b>End of Year</b>	<b>Deposits</b>	<b>Growth</b>	<b>Required Minimum Distribution</b>	<b>Actual Distributions</b>	<b>Account Balance</b>
2015	\$20,000	\$12,059	\$0	\$0	\$476,344
2016	20,000	21,896	0	0	518,240
2017	20,000	23,714	0	0	561,954
2018	0	25,151	0	0	587,105
2019	0	26,318	0	0	613,423
2020	0	27,541	0	0	640,964
2021	0	28,823	0	0	669,787
2022	0	30,166	0	0	699,953
2023	0	31,576	0	0	731,529
2024	0	33,053	0	0	764,582
2025	0	34,603	0	0	799,185
2026	0	36,228	0	0	835,413
2027	0	37,933	0	0	873,346



# Gift Summary

Total Gifts

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

End of Year	Life Insurance Premium Gifts	Non Premium Gifts	Taxable Gifts	Exclusion Gifts	Charitable Gifts	All Gifts
2015	\$7,000	\$0	\$0	\$7,000	\$0	\$7,000
2016	12,000	0	0	12,000	0	12,000
2017	12,000	0	0	12,000	0	12,000
2018	12,000	0	0	12,000	0	12,000
2019	12,000	0	0	12,000	0	12,000
2020	12,000	0	0	12,000	0	12,000
2021	12,000	0	0	12,000	0	12,000
2022	12,000	0	0	12,000	0	12,000
2023	12,000	0	0	12,000	0	12,000
2024	12,000	0	0	12,000	0	12,000
2025	12,000	0	0	12,000	0	12,000
2026	12,000	0	0	12,000	0	12,000
2027	12,000	0	0	12,000	0	12,000

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Gift Details

Total Gifts

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

End of Year	Non-Premium Exclusion Gifts	Life Ins Premium Exclusion Gifts	Total Annual Exclusion Gifts	Non-Premium Taxable Gifts	Life Ins Premium Taxable Gifts	Total Annual Taxable Gifts	Charitable Gifts
2015	\$0	\$7,000	\$7,000	\$0	\$0	\$0	\$0
2016	0	12,000	12,000	0	0	0	0
2017	0	12,000	12,000	0	0	0	0
2018	0	12,000	12,000	0	0	0	0
2019	0	12,000	12,000	0	0	0	0
2020	0	12,000	12,000	0	0	0	0
2021	0	12,000	12,000	0	0	0	0
2022	0	12,000	12,000	0	0	0	0
2023	0	12,000	12,000	0	0	0	0
2024	0	12,000	12,000	0	0	0	0
2025	0	12,000	12,000	0	0	0	0
2026	0	12,000	12,000	0	0	0	0
2027	0	12,000	12,000	0	0	0	0

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

# Income and Gift Tax Summary

Annual Details

*Ed Dies in 2023, Tina Dies in 2028*

Ed Dies in 2023, Tina Dies in 2028

## Proposed Plan with New Life Insurance

End of Year	Income Taxes Due for Prior Year	Income Taxes Refund for Prior Year	Withholding for Year	FICA Withholding	Gift Taxes Due for Prior Year	Taxes Payments and Withholdings
2015	\$0	\$0	\$210,000	\$16,984	\$0	\$226,984
2016	17,500	0	220,500	18,897	0	256,897
2017	32,048	0	220,500	18,897	0	271,445
2018	32,966	0	25,200	4,590	0	62,756
2019	27,939	0	25,200	4,590	0	57,729
2020	40,503	0	25,200	4,590	0	70,293
2021	42,775	0	25,200	4,590	0	72,565
2022	44,013	0	12,600	2,295	0	58,908
2023	46,351	0	0	0	0	46,351
2024	28,382	0	0	0	0	28,382
2025	32,779	0	0	0	0	32,779
2026	34,158	0	0	0	0	34,158
2027	35,579	0	0	0	0	35,579

# Lifestyle Expenses Summary

Outgoing Payments

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

<b>End of Year</b>	<b>Living Expenses</b>	<b>Education</b>	<b>Other Specific Needs</b>	<b>Loan Payments</b>	<b>Retirement Plan Contributions</b>	<b>Lifestyle Expenses</b>
2015	\$76,500	\$0	\$0	\$0	\$15,000	\$91,500
2016	127,720	0	0	0	15,000	142,720
2017	131,552	0	0	0	15,000	146,552
2018	135,498	0	0	0	0	135,498
2019	139,563	0	0	0	0	139,563
2020	143,750	0	0	0	0	143,750
2021	148,062	0	0	0	0	148,062
2022	152,504	0	0	0	0	152,504
2023	581,875	0	0	0	0	581,875
2024	153,963	0	0	0	0	153,963
2025	158,582	0	0	0	0	158,582
2026	163,340	0	0	0	0	163,340
2027	168,240	0	0	0	0	168,240

# Outgoing Payments Summary

Outgoing Payments

*Ed Dies in 2023, Tina Dies in 2028*

## Proposed Plan with New Life Insurance

<b>End of Year</b>	<b>Lifestyle Expenses</b>	<b>Gifts Not Including Life Insurance</b>	<b>Life Insurance Premiums</b>	<b>Tax Payments and Withholdings</b>	<b>Discretionary Spending</b>	<b>Outgoing Payments</b>
2015	\$91,500	\$0	\$7,000	\$226,984	\$0	\$325,484
2016	142,720	0	12,000	256,897	0	411,617
2017	146,552	0	12,000	271,445	0	429,997
2018	135,498	0	12,000	62,756	0	210,254
2019	139,563	0	12,000	57,729	0	209,292
2020	143,750	0	12,000	70,293	0	226,043
2021	148,062	0	12,000	72,565	0	232,627
2022	152,504	0	12,000	58,908	0	223,412
2023	581,875	0	12,000	46,351	0	640,226
2024	153,963	0	12,000	28,382	0	194,345
2025	158,582	0	12,000	32,779	0	203,361
2026	163,340	0	12,000	34,158	0	209,498
2027	168,240	0	12,000	35,579	0	215,819

# Additional Details

# Additional Details

Your Proposed Plan

Calculations assume that Ed dies in 8 years and Tina dies 5 years later.  
Ed is age 62 and Tina is age 57.

Ed is eligible for Social Security benefits. Ed's Social Security benefits are estimated based on a ratio of salary to maximum benefits. Ed plans to take Social Security retirement benefits starting at age 66.

Tina is eligible for Social Security benefits. Tina's Social Security benefits are estimated based on a ratio of salary to maximum benefits. Tina plans to take Social Security retirement benefits starting at age 66.

Ed is a U.S. Citizen and Tina is a U.S. Citizen.

## Tax Rates

The tax rates assumed for the proposed strategy are also used for the current situation so that the comparisons illustrate the effects of taxes on the estimated taxable income and the differences in the estate taxes. The objective of this presentation is to consider how the proposed strategy may affect the expenses and estate taxes at death.

## Income Tax Rates

Federal Income Tax Rate: 35%  
State Income Tax Rate: 7%

## Other Rates

Capital Gains Tax Rate: 0%  
Income Tax Rate for Income in Respect of a Decedent: 35%  
General Inflation Rate: 3%  
Inflation Rate for Federal Indexed Values: 3%  
(used for gift exclusions, Social Security and Applicable Exclusion Amount)  
An IRC Sec. 7520 rate of 3.0% is used to calculate the remainder interests for trusts, annuities and income in respect of decedent.  
Income designated as Capital Gains Income is assumed to qualify for long-term capital gains treatment.  
Calculations of short-term capital gains, adjusted net capital gain or qualified 5-year gain is beyond the scope of this analysis.

## Prior Taxable Gifts

### Ed:

Prior Taxable Gifts: \$0  
Gift Taxes Paid: \$0

### Tina:

Prior Taxable Gifts: \$0  
Gift Taxes Paid: \$0

## Growth Rates for Gifts, Bequests and Life Insurance Proceeds (Current Plan)

Growth Rates for Transfers to Others: 3.000%  
Growth Rates for Transfers to Charities: 5.000%  
Rates for Life Insurance Proceeds in Trust: 5.000%

## Growth Rates for Gifts, Bequests and Life Insurance Proceeds (Proposed Plan)

Growth Rates for Transfers to Others: 3.000%  
Growth Rates for Transfers to Charities: 5.000%  
Rates for Life Insurance Proceeds in Trust: 5.000%

# Additional Details (Continued)

Your Proposed Plan

## Probate and Expenses (Current Plan)

### Ed:

Final Expenses: \$10,000

Probate Fees (% Gross Estate): 4%

Administrative Fees (% Assets): 1%

### Tina:

Final Expenses: \$10,000

Probate Fees (% Gross Estate): 4%

Administrative Fees (% Assets): 1%

## Probate and Expenses (Proposed Plan)

### Ed:

Final Expenses: \$10,000

Probate Fees (% Gross Estate): 4%

Administrative Fees (% Assets): 1%

### Tina:

Final Expenses: \$10,000

Probate Fees (% Gross Estate): 4%

Administrative Fees (% Assets): 1%

## Tax Act of 2012

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation. Tax Act of 2012 applies to deaths and gifts made in 2013 and later.

Tax Act of 2012 provides for 'portability' of a deceased spouse's unused Applicable Exclusion Amount. Unused exclusion amounts may be passed to the surviving spouse (election must be made on timely filed estate tax return of the deceased spouse.) Calculations for deaths or gifts reflect the rates, exemptions, and other provisions (portability) within the Tax Act of 2012.