

Wealth DISTRIBUTION Analysis

Ed and Tina Allen

Presented by:

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For Evaluation Purposes Only

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Important Notes

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 (Wealth Distribution 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.

Measuring the Impact of Your Strategy

Cost of Your Strategy

Almost all financial decisions have an impact on your life

- Some techniques have multiple effects
- Saving transfer costs at death often reduces your net worth
- Providing additional cash flow often forces you to sell assets
- Providing needed cash may increase your taxes



Wealth Distribution Analysis will help you examine the consequences of your current situation and your proposed strategy. You can examine a year-by-year estimate of the effects of your strategy on your net worth, cash flow and net to your heirs. You can see the financial benefits and costs of your strategy.

You need to know the benefit and cost of any decision, but you also need to know how that decision will affect your overall picture.

- Can your current estate arrangements support your current and desired lifestyle?
- Could you out-live your assets?
- Will you have to liquidate assets to provide for estimated living expenses?
- How can you pass to your heirs what has taken a lifetime to accumulate?

An Example: (based on your assumptions and proposed strategy in this report)

The proposed strategy will illustrate that for the next 11 years your net worth will be reduced by 16.3%, your living expenses will remain the same, and the net to your heirs will increase by 9.1%.

Only you can determine if the benefits are worth your costs.

Consider the consequences of your strategy in all financial areas!

Wealth Considerations

Measuring the Consequences of Your Strategy

Before implementing any strategy for one financial area, you must consider the effects of that strategy on the other financial areas.

Wealth Accumulation



Your Net Worth

Your net worth is the value of your assets reduced by your liabilities.

Effects on wealth accumulation

- Change in the value of assets
- Effects on your qualified plans
- Mortgage balances and other debts

Wealth Management



Expenses & Cash Flow

Spending for your living expenses to maintain your desired lifestyle.

Wealth management examines your cash flow

- Year-by-year examination of projected cash flow
- Will it be necessary to liquidate an asset?

Wealth Transfer



Net to Your Heirs

Your heirs receive gifts during your life and the balance of your estate, after taxes, at your death.

Wealth transferred to your heirs

- Effect of gifts
- Bequests at death
- Transfer costs at death and how will they be paid?

Consider both the benefits and the effects of your strategy!

Financial Resources

Summary of Values

Three phases of wealth:

- Identifying and considering assets and liabilities or net worth—Your Wealth Accumulations
- Determining the spending needed each year to maintain your desired lifestyle—Your Wealth Management
- And, have a strategy for the orderly transfer of your estate at death—Your Wealth Transfer

	Ed	Tina	Joint	Total
Liquid Assets				
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
Retirement Plans				
Ed 401(k)	\$300,000			\$300,000
Tina's IRA		\$100,000		\$100,000
PMM	\$200,000			\$200,000
Business				
Tina's Gift Shop			\$700,000	\$700,000
Internet Business			\$1,000,000	\$1,000,000
Residences				
House			\$1,000,000	\$1,000,000
Beach House			\$500,000	\$500,000
Total Values Today	\$500,000	\$100,000	\$6,300,000	\$6,900,000

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**



Current Situation

Current Situation

Current Will Assumptions

This analysis assumes that Ed and Tina both die in 11 years. Ed dies first. 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 Strategy

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 Strategy

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

Wealth Accumulation



Your Net Worth

Financial Resources

- Net worth
- Values from your prior plans such as trusts
- Values at death

Net Worth

- Assets less liabilities
- Accumulation of your wealth at a specific time

How Net Worth Grows

- Unspent income—income not spent or given away—becomes new assets or cash savings
- Qualified retirement plans increase with contributions, growth and earnings, but have special income taxation issues to consider
- Other assets appreciate and have earnings
- Reducing liabilities increases your net worth

Your Net Worth

All Assets and Liabilities

Assumes Ed and Tina are both living

Current Situation

End of Year	Liquid Assets	Qualified Plan Assets	Other Assets	Total Assets	Total Liabilities	Net Worth
2015	\$3,660,229	\$1,061,564	\$3,581,484	\$8,303,276	\$0	\$8,303,276
2016	3,985,552	1,769,020	3,724,735	9,479,306	0	9,479,306
2017	4,307,497	2,509,276	3,874,906	10,691,678	0	10,691,678
2018	4,483,366	2,625,897	4,032,367	11,141,629	0	11,141,629
2019	4,707,635	2,748,021	4,197,508	11,653,164	0	11,653,164
2020	4,937,319	2,875,914	4,370,741	12,183,974	0	12,183,974
2021	5,180,801	3,009,851	4,552,502	12,743,154	0	12,743,154
2022	5,425,180	3,150,122	4,743,249	13,318,551	0	13,318,551
2023	5,792,386	3,188,592	4,943,469	13,924,448	0	13,924,448
2024	6,150,429	3,224,320	5,153,674	14,528,423	0	14,528,423
2025	6,525,379	3,256,990	5,374,405	15,156,774	0	15,156,774

Wealth Management



Cash Flow Analysis

- Illustrates your wealth management
- Examines incoming cash, outgoing cash and what happens to the difference

Nature of Cash Flow

- Outgoing cash is not "tied" directly to incoming cash
- Incoming cash goes into your bank or cash account
- Outgoing cash comes from that account
- You do not know which incoming dollars pay which outgoing dollars
- When outgoing cash is greater, you take from other assets
- When incoming cash is greater, you increase your assets or cash account

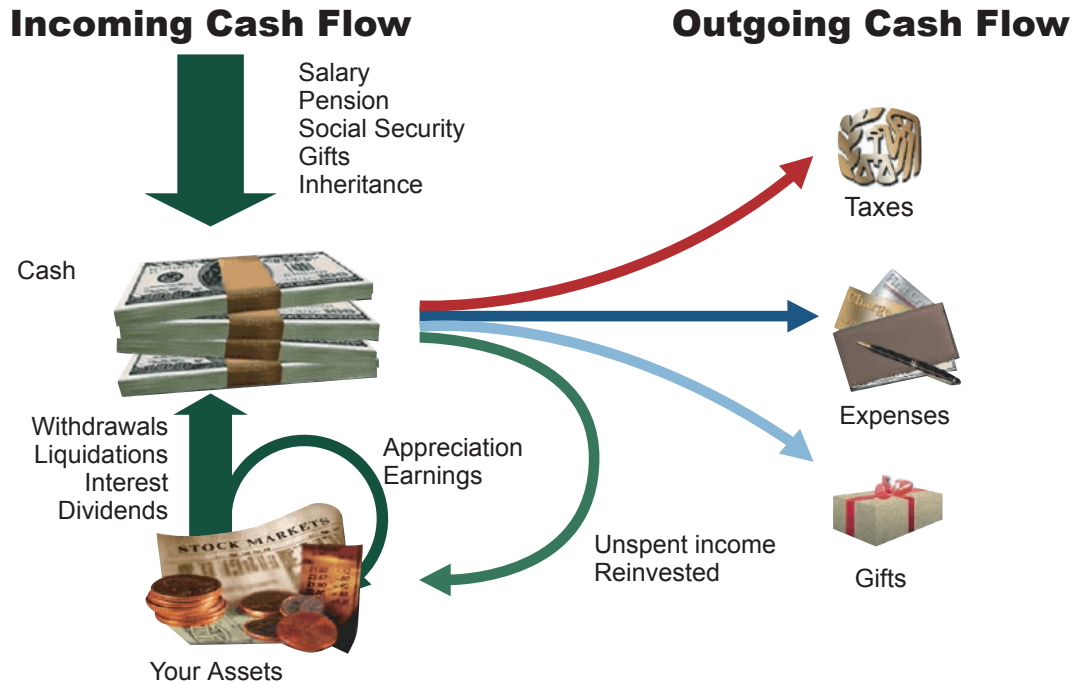
Cash flow analysis examines this process over a period of time.

Your Cash Flow

Incoming Cash and Outgoing Cash

You are the master of your cash flow—you receive income from outside sources, withdrawals of earnings from your assets and investments, and proceeds from the liquidation of your assets. Cash received from all sources is mixed together to become the cash necessary for all cash flow. Cash flow is a continuous cycle—all income is received, cash is paid out, starting with the most compulsory and ending with the most discretionary.

Wealth Management—Your Living Expenses Cash Flow



Your cash flow starts with the required items such as taxes. Next, you spend the amounts necessary to maintain your lifestyle. Then additional gifts are made. The balance is reinvested and becomes part of your assets and investments. Some of the earnings from appreciation and investments are automatically reinvested. If income is insufficient, then assets and investments must be liquidated as necessary.

Cash Flow Analysis

Outgoing Payments Vs. Expected Income

Assumes Ed and Tina are both living

Current Situation

End of Year	Total Cash Flow Required	Income Distributions	Retirement Plan Distributions	New Loan Proceeds	Liquid Assets Used for Cash Flow	Other Assets Used For Cash Flow	Net Assets Used For Cash Flow	Total Cash Flow Provided
2015	\$284,504	\$371,000	\$0	\$0	\$0	\$0	\$0	\$284,504
2016	495,317	638,880	0	0	0	0	0	495,317
2017	513,697	641,846	0	0	0	0	0	513,697
2018	195,734	164,902	0	0	30,832	0	30,832	195,734
2019	197,292	201,018	0	0	0	0	0	197,292
2020	214,043	208,336	0	0	5,707	0	5,707	214,043
2021	220,627	212,786	0	0	7,841	0	7,841	220,627
2022	211,412	187,370	0	0	24,042	0	24,042	211,412
2023	202,366	174,360	108,440	0	0	0	0	202,366
2024	258,884	197,282	113,169	0	0	0	0	258,884
2025	273,981	203,200	118,099	0	0	0	0	273,981

Wealth Transfer



Wealth Transfer

- Examines your gifts and bequests to others
- Considers the taxation of any transfers

Qualified Retirement Plans

- Special taxation issues and rules must be considered
- Even if you don't spend these funds, your heirs may receive only a small portion of them.

The net value of your gifts and bequests measures the effectiveness of your wealth transfer strategy.

Transfer Costs

Potential Taxes and Expenses

Unified Gift and Estate Taxes

- *Gift Taxes* on assets transferred to others during your lifetime
- *Estate Taxes* on assets you still own and/or control at the time of your death

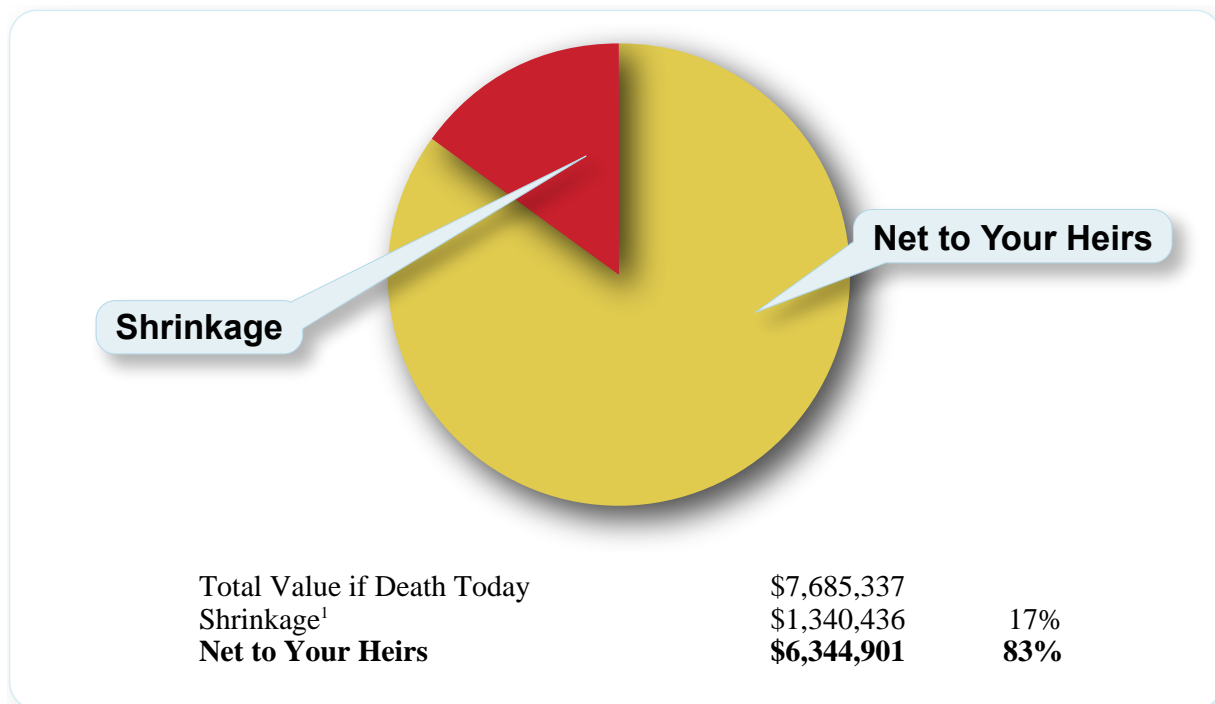
Inheritance Taxes

- Often the state taxes heirs or beneficiaries receiving bequests

Other Expenses

- Final expenses, funeral and burial costs
- Administrative expenses such as title transfers
- Probate fees for the distribution of assets

What these transfer taxes could mean if you die today...



¹ Estate taxes, state inheritance taxes, and any income taxes on income received in respect of a decedent, plus estimated final expenses, probate fees and liabilities, if you both die in year 2015. See Additional Details page for further information.

Assets Before Death

Your Current Situation

This analysis assumes that Ed and Tina both die in 11 years. Ed dies first. 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
			Values Today	\$6,900,000	\$3,650,000	\$3,250,000
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
2023	282,799	202,366	525,463	13,924,448	8,366,911	5,557,537
2024	310,451	258,884	552,409	14,528,423	8,675,386	5,853,037
2025	321,299	273,981	581,034	15,156,774	8,993,838	6,162,937
			Values at Ed's death after 11 years		\$8,993,838	\$6,162,937

Adjustments at Ed's Death

Cash Flow Adjustment	-\$53,659	-\$53,659
Estate Total in 2026	\$8,940,179	\$6,109,278
Combined Estate Total	\$15,049,456	



Proposed Strategy

Proposed Strategy

Proposed Will Assumptions

This analysis assumes that Ed and Tina both die in 11 years. Ed dies first. 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 Strategy

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 Strategy

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 Strategy

This analysis of the proposed strategies of Ed and Tina assumes that the following plans for expenses and gifts replace your current situation. 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 Strategy.

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

Proposed New Life Insurance

Additional Analysis and New Life Insurance

This analysis of the proposed strategies 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.

Your Net Worth

All Assets and Liabilities

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Liquid Assets	Qualified Plan Assets	Other Assets	Total Assets	Total Liabilities	Net Worth
2015	\$3,819,249	\$476,344	\$3,581,484	\$7,877,076	\$0	\$7,877,076
2016	4,228,272	518,240	3,724,735	8,471,246	0	8,471,246
2017	4,633,917	561,954	3,874,906	9,070,777	0	9,070,777
2018	4,795,266	587,105	4,032,367	9,414,738	0	9,414,738
2019	5,007,535	613,423	4,197,508	9,818,466	0	9,818,466
2020	5,225,219	640,964	4,370,741	10,236,924	0	10,236,924
2021	5,456,701	669,787	4,552,502	10,678,990	0	10,678,990
2022	5,689,080	699,953	4,743,249	11,132,283	0	11,132,283
2023	5,935,847	731,529	4,943,469	11,610,845	0	11,610,845
2024	6,214,834	764,582	5,153,674	12,133,090	0	12,133,090
2025	6,508,243	799,185	5,374,405	12,681,834	0	12,681,834

Cash Flow Analysis

Outgoing Payments Vs. Expected Income

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Total Cash Flow Required	Retirement Plan Income Distributions	Retirement Plan	New Loan Proceeds	Liquid Assets Used for Cash Flow	Other Assets Used For Cash Flow	Net Assets Used For Cash Flow	Total Cash Flow Provided
2015	\$325,484	\$571,000	\$0	\$0	\$0	\$0	\$0	\$325,484
2016	411,617	638,880	0	0	0	0	0	411,617
2017	429,997	641,846	0	0	0	0	0	429,997
2018	210,254	164,902	0	0	45,352	0	45,352	210,254
2019	209,292	201,018	0	0	8,274	0	8,274	209,292
2020	226,043	208,336	0	0	17,707	0	17,707	226,043
2021	232,627	212,786	0	0	19,841	0	19,841	232,627
2022	223,412	187,370	0	0	36,042	0	36,042	223,412
2023	214,366	174,360	0	0	40,007	0	40,007	214,366
2024	224,771	197,282	0	0	27,489	0	27,489	224,771
2025	237,423	203,200	0	0	34,223	0	34,223	237,423

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.

Cash Flow from Income

All Assets and Liabilities

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Salary	Other Income¹	Social Security²	Earnings (Cash, Dividends)	Total Expected Income
2015	\$515,000	\$56,000	\$0	\$0	\$571,000
2016	540,000	98,880	0	0	638,880
2017	540,000	101,846	0	0	641,846
2018	60,000	104,902	0	0	164,902
2019	60,000	108,049	32,970	0	201,018
2020	60,000	111,290	37,046	0	208,336
2021	60,000	114,629	38,157	0	212,786
2022	30,000	118,068	39,302	0	187,370
2023	0	121,610	52,750	0	174,360
2024	0	125,258	72,023	0	197,282
2025	0	129,016	74,184	0	203,200

¹ Other Income includes any estimated tax refunds for the prior year.

² 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.

Cash Flow Required for Lifestyle

Total Expenditures

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Lifestyle Expenses	Gifts Not Including Life Insurance	Life Insurance Premiums	Tax Payments and Withholdings	Discretionary Spending	Total Cash Flow Required
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	157,079	0	12,000	45,287	0	214,366
2024	161,792	0	12,000	50,979	0	224,771
2025	166,646	0	12,000	58,777	0	237,423

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.

This presentation is not a financial plan.
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Cash Flow from Retirement Plans

Effects on Cash Flow

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Beginning Of Year Values	Additional Deposits	Growth	Required Minimum Distribution	Actual Distributions	End of Year Plan Values	Retirement Plan Distributions
2015	\$444,284	\$20,000	\$12,059	\$0	\$0	\$476,344	\$0
2016	476,344	20,000	21,896	0	0	518,240	0
2017	518,240	20,000	23,714	0	0	561,954	0
2018	561,954	0	25,151	0	0	587,105	0
2019	587,105	0	26,318	0	0	613,423	0
2020	613,423	0	27,541	0	0	640,964	0
2021	640,964	0	28,823	0	0	669,787	0
2022	669,787	0	30,166	0	0	699,953	0
2023	699,953	0	31,576	0	0	731,529	0
2024	731,529	0	33,053	0	0	764,582	0
2025	764,582	0	34,603	0	0	799,185	0

Cash Flow Adjustments

Adjustments for Cash Flow Process

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Income	Retirement Plan Distributions	New Loan Proceeds	Liquid Assets Used for Cash Flow	Other Assets Used For Cash Flow	Net Assets Used For Cash Flow	Total Cash Flow Provided
2015	\$571,000	\$0	\$0	\$0	\$0	\$0	\$325,484
2016	638,880	0	0	0	0	0	411,617
2017	641,846	0	0	0	0	0	429,997
2018	164,902	0	0	45,352	0	45,352	210,254
2019	201,018	0	0	8,274	0	8,274	209,292
2020	208,336	0	0	17,707	0	17,707	226,043
2021	212,786	0	0	19,841	0	19,841	232,627
2022	187,370	0	0	36,042	0	36,042	223,412
2023	174,360	0	0	40,007	0	40,007	214,366
2024	197,282	0	0	27,489	0	27,489	224,771
2025	203,200	0	0	34,223	0	34,223	237,423

Transfer Costs

Potential Taxes and Expenses

Unified Gift and Estate Taxes

- *Gift Taxes* on assets transferred to others during your lifetime
- *Estate Taxes* on assets you still own and/or control at the time of your death

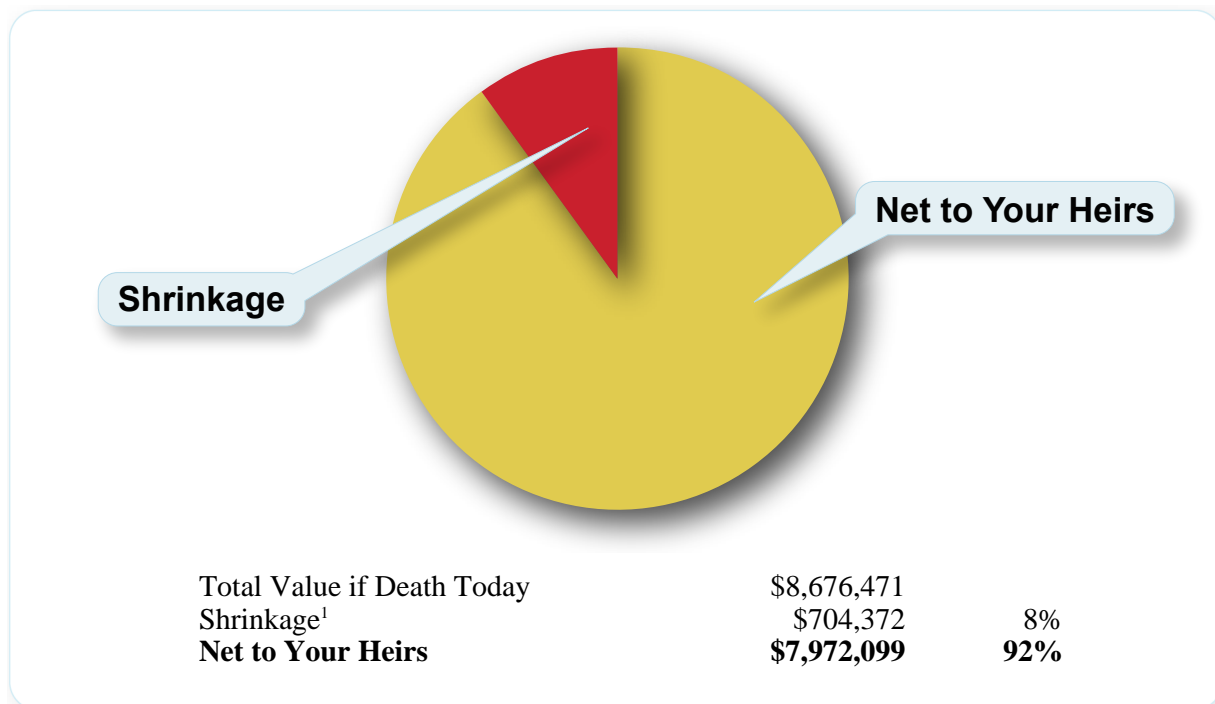
Inheritance Taxes

- Often the state taxes heirs or beneficiaries receiving bequests

Other Expenses

- Final expenses, funeral and burial costs
- Administrative expenses such as title transfers
- Probate fees for the distribution of assets

What these transfer taxes could mean if you die today...



¹ Estate taxes, state inheritance taxes, and any income taxes on income received in respect of a decedent, plus estimated final expenses, probate fees and liabilities, if you both die in year 2015. See Additional Details page for further information.

Assets Before Death

Your Proposed Strategy

This analysis assumes that Ed and Tina both die in 11 years. Ed dies first. 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
			Values Today	\$6,700,000	\$5,800,000	\$900,000
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
2023	174,360	214,366	478,562	11,610,845	9,870,153	1,740,691
2024	197,282	224,771	522,245	12,133,090	10,335,148	1,797,942
2025	203,200	237,423	548,744	12,681,834	10,826,344	1,855,490
			Values at Ed's death after 11 years		\$10,826,344	\$1,855,490

Adjustments at Ed's Death

Cash Flow Adjustment	-\$28,601	-\$28,601
Estate Total in 2026	\$10,797,743	\$1,826,889
Combined Estate Total	\$12,624,632	

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 2026

	Proposed Strategy
Ed's Gross Estate	\$10,797,743
Liabilities	(\$1,163)
A. Net Estate	\$10,796,580
Estate Expenses	
Probate and Administrative Fees	\$107,977
Final Expenses	\$10,000
B. Total Expenses	\$117,977
C. Adjusted Gross Estate (A-B)	\$10,678,603
Deductions	
Marital Deduction	\$3,168,603
State Tax Deductions	\$317,836
D. Total Deductions	\$3,486,439
E. Total Additions	\$0
F. Tentative Tax Base (C-D+E)	\$7,192,163
Taxes and Credits	
Federal Estate Tax before Credits	\$2,822,665
Applicable Unified Credit ¹	(\$2,949,800)
State Tax	\$317,836
G. Total Net Taxes Due	\$317,836
H. Distributions at Ed's Death (C-G)	\$10,360,766

¹ 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 2026

	Proposed Strategy
Ed's Gross Estate	\$10,797,743
less Liabilities	(\$1,163)
less Total Expenses	(\$117,977)
less Total Net Taxes Due	(\$317,836)
After Tax Estate	\$10,360,766
Reduction after Taxes and Expenses	4%
Distributions of Estate Assets	
Ed's Bequests	\$0
Marital Deduction	\$3,168,603
Family Trust	\$7,192,164

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 Second Death

Tina Dies Second in 2026

	Proposed Strategy
Tina's Gross Estate	\$4,995,492
Liabilities	\$3,488
A. Net Estate	\$4,992,003
Estate Expenses	
Probate and Administrative Fees	\$49,955
Final Expenses	\$10,000
B. Total Expenses	\$59,955
C. Adjusted Gross Estate (A-B)	\$4,932,048
Deductions	
State Tax Deduction	\$383,989
D. Total Deductions	\$383,989
E. Total Additions	\$0
F. Tentative Tax Base (C-D+E)	\$4,548,059
Taxes and Credits	
Federal Estate Tax before Credits	\$1,765,024
Applicable Unified Credit ¹	(\$3,076,935)
State Tax	\$383,989
G. Total Net Taxes Due	\$383,989
H. Income Tax on Income in Respect of Decedent	\$279,715
I. Distributions at Tina's Death (C-G-H)	\$4,268,344

¹ 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 2026

	Proposed Strategy
Tina's Gross Estate	\$4,995,492
less Liabilities	(\$3,488)
less Total Expenses	(\$59,955)
less Total Net Taxes Due	(\$383,989)
less Income Tax on IRD	(\$279,715)
After Tax Estate	\$4,268,344
Reduction after Taxes and Expenses	15%
Distribution of Estate Assets	
Tina's Bequests	\$3,469,159
Family Trust	\$7,192,164
Other Distributions	
Life Insurance Available	
Irrevocable Life Insurance Trust	\$1,000,000
Other Transfers to Heirs	\$799,185
Total Estate Transferred	\$12,460,508

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Action Plan

Putting Your Strategy 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 your strategy	Agent, Attorney, Ed and Tina	___ / ___ / ___

A green-tinted graphic featuring a line graph and the text "NEW YORK STOCK EXCHANGE" and "300".

Supporting Details

Your Net Worth

All Assets and Liabilities

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Liquid Assets	Qualified Plan Assets	Other Assets	Total Assets	Total Liabilities	Net Worth
2015	\$3,819,249	\$476,344	\$3,581,484	\$7,877,076	\$0	\$7,877,076
2016	4,228,272	518,240	3,724,735	8,471,246	0	8,471,246
2017	4,633,917	561,954	3,874,906	9,070,777	0	9,070,777
2018	4,795,266	587,105	4,032,367	9,414,738	0	9,414,738
2019	5,007,535	613,423	4,197,508	9,818,466	0	9,818,466
2020	5,225,219	640,964	4,370,741	10,236,924	0	10,236,924
2021	5,456,701	669,787	4,552,502	10,678,990	0	10,678,990
2022	5,689,080	699,953	4,743,249	11,132,283	0	11,132,283
2023	5,935,847	731,529	4,943,469	11,610,845	0	11,610,845
2024	6,214,834	764,582	5,153,674	12,133,090	0	12,133,090
2025	6,508,243	799,185	5,374,405	12,681,834	0	12,681,834

Asset Summary

All Assets

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Beginning of Year Assets	Change in Asset Values	End of Year Asset Value¹	Net Assets Used for Cash Flow²
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	478,562	11,610,845	40,007
2024	11,610,845	522,245	12,133,090	27,489
2025	12,133,090	548,744	12,681,834	34,223

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.

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

² See Net Adjustments for Cash Flow page.

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Liability Summary

All Liabilities

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Beginning of Year Total Liabilities¹	New Loans Added	Interest Charges	Total Payments To Principal and Interest	End of Year Total Liabilities
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	0	0	0	0
2024	50,979	0	0	0	0
2025	58,777	0	0	0	0

¹ 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.

Cash Flow Analysis

Outgoing Payments Vs. Expected Income

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Total Cash Flow Required	Retirement Plan Income Distributions	Retirement Plan	New Loan Proceeds	Liquid Assets Used for Cash Flow	Other Assets Used For Cash Flow	Net Assets Used For Cash Flow	Total Cash Flow Provided
2015	\$325,484	\$571,000	\$0	\$0	\$0	\$0	\$0	\$325,484
2016	411,617	638,880	0	0	0	0	0	411,617
2017	429,997	641,846	0	0	0	0	0	429,997
2018	210,254	164,902	0	0	45,352	0	45,352	210,254
2019	209,292	201,018	0	0	8,274	0	8,274	209,292
2020	226,043	208,336	0	0	17,707	0	17,707	226,043
2021	232,627	212,786	0	0	19,841	0	19,841	232,627
2022	223,412	187,370	0	0	36,042	0	36,042	223,412
2023	214,366	174,360	0	0	40,007	0	40,007	214,366
2024	224,771	197,282	0	0	27,489	0	27,489	224,771
2025	237,423	203,200	0	0	34,223	0	34,223	237,423

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Cash Flow Required for Lifestyle

Total Expenditures

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Lifestyle Expenses	Gifts Not Including Life Insurance	Life Insurance Premiums	Tax Payments and Withholdings	Discretionary Spending	Total Cash Flow Required
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	157,079	0	12,000	45,287	0	214,366
2024	161,792	0	12,000	50,979	0	224,771
2025	166,646	0	12,000	58,777	0	237,423

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Lifestyle Expenses Summary

Outgoing Payments

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Living Expenses	Education	Other Specific Needs	Loan Payments	Retirement Plan Contributions	Lifestyle Expenses
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	157,079	0	0	0	0	157,079
2024	161,792	0	0	0	0	161,792
2025	166,646	0	0	0	0	166,646

Income and Gift Tax Summary

Annual Details

Assumes Ed and Tina are both living

Proposed Strategy 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	45,287	0	0	0	0	45,287
2024	50,979	0	0	0	0	50,979
2025	58,777	0	0	0	0	58,777

Income Summary

Total Income Received

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Salary	Other Income¹	Social Security²	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	121,610	52,750	0	0	174,360
2024	0	125,258	72,023	0	0	197,281
2025	0	129,016	74,184	0	0	203,200

¹ Other Income includes any estimated tax refunds for the prior year.

² 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.

Cash Flow from Retirement Plans

Effects on Cash Flow

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Beginning Of Year Values	Additional Deposits	Growth	Required Minimum Distribution	Actual Distributions	End of Year Plan Values	Retirement Plan Distributions
2015	\$444,284	\$20,000	\$12,059	\$0	\$0	\$476,344	\$0
2016	476,344	20,000	21,896	0	0	518,240	0
2017	518,240	20,000	23,714	0	0	561,954	0
2018	561,954	0	25,151	0	0	587,105	0
2019	587,105	0	26,318	0	0	613,423	0
2020	613,423	0	27,541	0	0	640,964	0
2021	640,964	0	28,823	0	0	669,787	0
2022	669,787	0	30,166	0	0	699,953	0
2023	699,953	0	31,576	0	0	731,529	0
2024	731,529	0	33,053	0	0	764,582	0
2025	764,582	0	34,603	0	0	799,185	0

Net Adjustments for Cash Flow

Adjustments

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Expected Income	New Loan Proceeds	Net Assets Used for Cash Flow	Annual Shortfall	Total Outgoing Payments
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	174,360	0	40,007	---	214,366
2024	197,282	0	27,489	---	224,771
2025	203,200	0	34,223	---	237,423

Outgoing Payments Summary

Outgoing Payments

Assumes Ed and Tina are both living

Proposed Strategy with New Life Insurance

End of Year	Lifestyle Expenses	Gifts Not Including Life Insurance	Life Insurance Premiums	Tax Payments and Withholdings	Discretionary Spending	Outgoing Payments
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	157,079	0	12,000	45,287	0	214,366
2024	161,792	0	12,000	50,979	0	224,771
2025	166,646	0	12,000	58,777	0	237,423

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Gift Summary

Total Gifts

Assumes Ed and Tina are both living

Proposed Strategy 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

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

Assumes Ed and Tina are both living

Proposed Strategy 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

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.

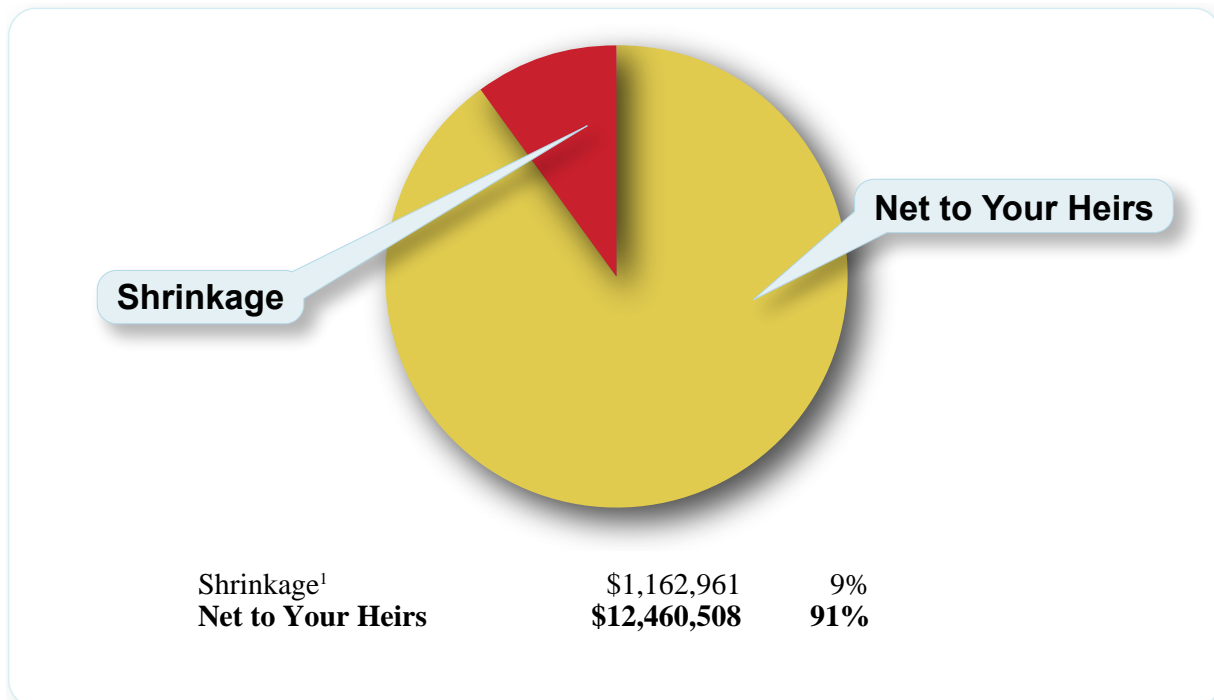
Net to Your Heirs

Proposed Strategy With New Insurance Projected

In addition to seeing the net distribution to heirs if death occurred now, you should consider the effects of your proposed strategy by examining the results if death occurred in year 2026.

Shrinkage is the total of

- Liabilities and debts
- Estimated final expenses
- Estimated federal estate taxes and state inheritance taxes
- Estimated income taxes on any income in respect of decedent



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.

¹ Estate taxes, state inheritance taxes, and any income taxes on income received in respect of a decedent, plus estimated final expenses, probate fees and liabilities, if you both die in year 2026. See Additional Details page for further information.

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Proposed Strategy With New Insurance Projected

Your Proposed Strategy

This analysis assumes that Ed and Tina both die in 11 years. Ed dies first. 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
			Values Today	\$6,700,000	\$5,800,000	\$900,000
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
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2022	187,370	223,412	453,293	11,132,283	9,439,101	1,693,182
2023	174,360	214,366	478,562	11,610,845	9,870,153	1,740,691
2024	197,282	224,771	522,245	12,133,090	10,335,148	1,797,942
2025	203,200	237,423	548,744	12,681,834	10,826,344	1,855,490
	Values at Ed's death after 11 years				\$10,826,344	\$1,855,490

Adjustments at Ed's Death

Cash Flow Adjustment	-\$28,601	-\$28,601
Estate Total in 2026	\$10,797,743	\$1,826,889
Combined Estate Total	\$12,624,632	

Estate Calculations

Calculations at First Death

Ed Dies First in 2026

	Proposed Strategy
Ed's Gross Estate	\$10,797,743
Liabilities	(\$1,163)
A. Net Estate	\$10,796,580
Estate Expenses	
Probate and Administrative Fees	\$107,977
Final Expenses	\$10,000
B. Total Expenses	\$117,977
C. Adjusted Gross Estate (A-B)	\$10,678,603
Deductions	
Marital Deduction	\$3,168,603
State Tax Deductions	\$317,836
D. Total Deductions	\$3,486,439
E. Total Additions	\$0
F. Tentative Tax Base (C-D+E)	\$7,192,163
Taxes and Credits	
Federal Estate Tax before Credits	\$2,822,665
Applicable Unified Credit ¹	(\$2,949,800)
State Tax	\$317,836
G. Total Net Taxes Due	\$317,836
H. Distributions at Ed's Death (C-G)	\$10,360,766

¹ 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 2026

	Proposed Strategy
Ed's Gross Estate	\$10,797,743
less Liabilities	(\$1,163)
less Total Expenses	(\$117,977)
less Total Net Taxes Due	(\$317,836)
After Tax Estate	\$10,360,766
Reduction after Taxes and Expenses	4%
Distributions of Estate Assets	
Ed's Bequests	\$0
Marital Deduction	\$3,168,603
Family Trust	\$7,192,164

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 Second Death

Tina Dies Second in 2026

	Proposed Strategy
Tina's Gross Estate	\$4,995,492
Liabilities	\$3,488
A. Net Estate	\$4,992,003
Estate Expenses	
Probate and Administrative Fees	\$49,955
Final Expenses	\$10,000
B. Total Expenses	\$59,955
C. Adjusted Gross Estate (A-B)	\$4,932,048
Deductions	
State Tax Deduction	\$383,989
D. Total Deductions	\$383,989
E. Total Additions	\$0
F. Tentative Tax Base (C-D+E)	\$4,548,059
Taxes and Credits	
Federal Estate Tax before Credits	\$1,765,024
Applicable Unified Credit ¹	(\$3,076,935)
State Tax	\$383,989
G. Total Net Taxes Due	\$383,989
H. Income Tax on Income in Respect of Decedent	\$279,715
I. Distributions at Tina's Death (C-G-H)	\$4,268,344

¹ 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 2026

	Proposed Strategy
Tina's Gross Estate	\$4,995,492
less Liabilities	(\$3,488)
less Total Expenses	(\$59,955)
less Total Net Taxes Due	(\$383,989)
less Income Tax on IRD	(\$279,715)
After Tax Estate	\$4,268,344
Reduction after Taxes and Expenses	15%
Distribution of Estate Assets	
Tina's Bequests	\$3,469,159
Family Trust	\$7,192,164
Other Distributions	
Life Insurance Available	
Irrevocable Life Insurance Trust	\$1,000,000
Other Transfers to Heirs	\$799,185
Total Estate Transferred	\$12,460,508

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.

IRD Calculations for Current Situation

IRD After Tina's Death in 2026

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 **\$11,690,739**
IRD Assets **\$3,256,990**

With IRD Assets

Estate Calculations

Total Estate	\$14,947,729
Expenses - Liabilities	\$629,432
Adjusted Gross Estate	\$14,318,297
Total Deductions	\$1,757,727
Tentative Tax Base	\$12,560,569

Estate Taxes and Credits

Federal Estate Tax	
before Tax Credits	\$4,970,028
Applicable Unified Credit ¹	\$5,953,800
Federal Tax with IRD Assets	\$0

Without IRD Assets

Estate Calculations

Total Estate	\$11,690,739
Expenses - Liabilities	\$596,862
Adjusted Gross Estate	\$11,093,877
Total Deductions	\$1,241,820
Tentative Tax Base	\$9,852,056

Estate Taxes and Credits

Federal Estate Tax	
before Tax Credits	\$3,886,623
Applicable Unified Credit ¹	\$5,953,800
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	\$3,256,990
<i>less</i>	Deduction for Estate Tax Attributed to IRD	(\$0)
	Taxable Income from IRD Assets	\$3,256,990
	Assumed Income Tax Rate	35%
	Tax on Income in Respect of a Decedent	\$1,139,946

¹ 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.

IRD Calculations for Proposed Strategy

IRD After Tina's Death in 2026

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 **\$4,196,306**
IRD Assets **\$799,185**

With IRD Assets

Estate Calculations

Total Estate	\$4,995,492
Expenses - Liabilities	\$63,443
Adjusted Gross Estate	\$4,932,048
Total Deductions	\$383,989
Tentative Tax Base	\$4,548,059

Estate Taxes and Credits

Federal Estate Tax	
before Tax Credits	\$1,765,024
Applicable Unified Credit ¹	\$3,076,935
Federal Tax with IRD Assets	\$0

Without IRD Assets

Estate Calculations

Total Estate	\$4,196,306
Expenses - Liabilities	\$55,451
Adjusted Gross Estate	\$4,140,855
Total Deductions	\$295,376
Tentative Tax Base	\$3,845,479

Estate Taxes and Credits

Federal Estate Tax	
before Tax Credits	\$1,483,992
Applicable Unified Credit ¹	\$3,076,935
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	\$799,185
<i>less</i>	Deduction for Estate Tax Attributed to IRD	(\$0)
	Taxable Income from IRD Assets	\$799,185
	Assumed Income Tax Rate	35%
	Tax on Income in Respect of a Decedent	\$279,715

¹ 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 Details

Assumptions

Current Situation

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 and Tina both die in 11 years. Ed dies first.

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% ¹	2.000% ¹	5.000%
Mutual Fund 2	Tina, Ed	\$100,000	Jan. 01, 2013	\$100,000	2.000% ¹	1.000% ¹	5.000%
Mutual Fund 3	Tina, Ed	\$500,000	Jan. 01, 2013	\$450,000	1.000% ¹	2.000% ¹	5.000%
Mutual Fund 4	Tina, Ed	\$100,000	Jan. 01, 2013	\$100,000	0.000% ¹	3.000% ¹	5.000%
Mutual Fund 5	Tina, Ed	\$200,000	Jan. 01, 2013	\$150,000	1.000% ¹	1.000% ¹	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% ¹	3.000%
Misc Stocks	Tina, Ed	\$700,000	Jan. 01, 2013	\$650,000	1.000% ¹	3.000%

¹ Dividends are assumed to be reinvested in similar investments.

Assumptions (Continued)

Current Situation

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
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	Deductible ¹	Tax	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Living Expenses	\$7,000	Monthly	3%	No	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

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

Assumptions

Proposed Strategy

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 and Tina both die in 11 years. Ed dies first.

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% ¹	2.000% ¹	5.000%
Mutual Fund 2	Ed	\$100,000	Jan. 01, 2013	\$100,000	2.000% ¹	1.000% ¹	5.000%
Mutual Fund 3	Ed	\$500,000	Jan. 01, 2013	\$450,000	1.000% ¹	2.000% ¹	5.000%
Mutual Fund 4	Ed	\$100,000	Jan. 01, 2013	\$100,000	0.000% ¹	3.000% ¹	5.000%
Mutual Fund 5	Ed	\$200,000	Jan. 01, 2013	\$150,000	1.000% ¹	1.000% ¹	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% ¹	3.000%
Misc Stocks	Ed	\$700,000	Jan. 01, 2013	\$650,000	1.000% ¹	3.000%

¹ Dividends are assumed to be reinvested in similar investments.

Assumptions (Continued)

Proposed Strategy

Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
Ed 401(k)	Ed ¹	\$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 ²	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%

¹ Participant qualifies to delay distributions past age 70 ½.

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

Assumptions (Continued)

Proposed Strategy

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

Additional Details

Your Proposed Strategy

Calculations assume that Ed and Tina both die in 11 years. Ed dies first.
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 expects 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 expects 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

Additional Details (Continued)

Your Proposed Strategy

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

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 Strategy)

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%

Probate and Expenses (Current Situation)

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 Strategy)

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.