



John and Jane Doe

**NEEDS ANALYSIS PRESENTATION**  
**May 18, 2010**

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## *Disclaimer*

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The following report is a diagnostic tool intended to review your current financial situation and suggest potential planning ideas and concepts that may be of benefit. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.

This report is based upon information and assumptions provided by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review.

The term "plan" or "planning," when used within this report, does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. Nor does the plan or report provide legal, accounting, financial, tax or other advice. Rather, the report and the illustrations therein provide a summary of certain potential financial strategies. The reports provide projections based on various assumptions and are therefore hypothetical in nature and not guarantees of investment returns. You should consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Additionally, this report may not reflect all holdings or transactions, their costs, or proceeds received by you. Prices that may be indicated in this report are obtained from sources we consider reliable but are not guaranteed. Past performance is no guarantee of future performance and it is important to realize that actual results may differ from the projections contained in this report. The presentation of investment returns set forth in this report does not reflect the deduction of any commissions. They will reflect any fees or product charges when entered by the advisor/ representative. Deduction of such charges will result in a lower rate of return.

It is important to compare the information on this report with the statements you receive from the custodian(s) for your account(s). Please note that there may be minor variations due to calculation methodologies. If you have any questions, please contact your financial representative. The information contained in this report is not written or intended as financial, tax or legal advice. The information provided herein may not be relied on for purposes of avoiding any federal tax penalties. You are encouraged to seek financial, tax and legal advice from your professional advisors.

Tools such as the Monte Carlo simulation, which may be included in this analysis, will yield different results depending on the variables inputted, and the assumptions underlying the calculation. The assumptions with respect to the simulation include the assumed rates of return and standard deviations of the portfolio model associated with each asset. The assumed rates of return are based on the historical rates of returns and standard deviations, for certain periods of time, for the benchmark indexes comprising the asset classes in the model portfolio. Since the market data used to generate these rates of return change over time your results will vary with each use over time.

Monte Carlo Analysis is a mathematical process used to implement complex statistical methods that chart the probability of certain financial outcomes at certain times in the future. This charting is accomplished by generating hundreds of possible economic scenarios that could affect the performance of your investments. The Monte Carlo simulation uses at most 500 scenarios to determine the probability of outcomes resulting from the asset allocation choices and underlying assumptions regarding rates of return and volatility of certain asset classes. Some of these scenarios will assume very favorable financial market returns, consistent with some of the best periods in investing history for investors. Some scenarios will conform to the worst periods in investing history. Most scenarios will fall somewhere in between. The outcomes presented using the Monte Carlo simulation represent only a few of the many possible outcomes. Since past performance and market conditions may not be repeated in the future, your investment goals may not be fulfilled by following advice that is based on the projections.

I/We have received and read this Disclaimer page and understand its contents and, therefore, the limitations of the report. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.

Client(s): \_\_\_\_\_  
John Doe Date

\_\_\_\_\_  
Jane Doe Date

Advisor: \_\_\_\_\_  
Kevin MacWilliams Date

# Estate Planning Analysis

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## Current Estate and Assumptions

The first step in preparing the estate planning analysis is to determine the value in the estate. For this, we need to define the assets owned by **John** and **Jane**, including portfolio assets, real estate, personal property, and any business interests.

### Estate and Growth Assumptions

Estate planning calculations are done to see impacts both in the case of imminent death, as well as some future death. In the case of imminent death, we assume John dies first. Any future analysis assumes that **John** dies in **10 years (2020)** and that **Jane** dies in **10 years (2020)**. During that time, your assets are expected to grow at a rate of **5.00%** from now until **2022**, after which they are expected to grow at a rate of **5.00%**.

### Portfolio Assets

Asset Type	Current Value	Current Estate Values	
		John	Jane
▶ Taxable Investments	\$110,580	\$55,290	\$55,290
▶ Cash Equivalents	\$13,000	\$6,500	\$6,500
▶ Qualified Retirement Plans	\$451,874	\$406,874	\$45,000
▶ Roth IRAs	\$11,011	\$6,006	\$5,005
▶ Annuities	\$60,000	\$30,000	\$30,000
<b>Total Asset Value</b>	<b>\$646,465</b>	<b>\$504,670</b>	<b>\$141,795</b>

### Real Estate and Personal Property

Asset Type	Current Value	Current Estate Values	
		John	Jane
▶ Real Estate	\$420,000	\$210,000	\$210,000
▶ Personal Property	\$23,000	\$11,500	\$11,500
<b>Total Property Value</b>	<b>\$443,000</b>	<b>\$221,500</b>	<b>\$221,500</b>

### Total Estate Values as of Today

	Current Value	Current Estate Values	
		John	Jane
▶ <b>Totals</b>	<b>\$1,089,465</b>	<b>\$726,170</b>	<b>\$363,295</b>

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## Estate Plan Changes

This report defines suggested changes to the current estate plan.

### ☐ Irrevocable Life Insurance Trust

#### **New ILIT**

- Insurance is owned as follows:

<u>Insured: Survivorship</u>		<u>Insured: Client</u>		<u>Insured: Spouse</u>	
Current Coverage:	\$0	Current Coverage:	\$0	Current Coverage:	\$0
New Coverage:	\$0	New Coverage:	\$0	New Coverage:	\$0
Transfer Coverage:	\$0	Transfer Coverage:	\$0	Transfer Coverage:	\$0
Total Coverage:	\$0	Total Coverage:	\$0	Total Coverage:	\$0
Current Premium:	\$0	Current Premium:	\$0	Current Premium:	\$0
New Premium:	\$0	New Premium:	\$0	New Premium:	\$0
Transfer Premium:	\$0	Transfer Premium:	\$0	Transfer Premium:	\$0
Total Premium:	\$0	Total Premium:	\$0	Total Premium:	\$0

### ☐ Revocable Trust

#### **New Revocable Trust**

- John's assets **do not** pass through a Revocable Trust to avoid probate.
- Jane's assets **do not** pass through a Revocable Trust to avoid probate.

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## *Estate Plan Gifting Changes*

This report defines suggested changes to the current gift plan.

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# Life Insurance and Estate Liquidity



Estate taxes are due 9 months from the estate-owner's death. The process of paying the estate tax is often more difficult and complicated than people expect.

For example, often the heirs prefer to receive the liquid investments from the estate as they are easier to divide and provide more flexibility for the ultimate recipients. Similarly, heirs often prefer to use illiquid assets or assets that they cannot agree on how to use or how to divide to pay the estate tax bill. In many cases a particular heir wants to keep the family vacation house while other heirs would prefer to sell it and receive cash.

Another example is the estate that is made up mostly of the successful family business. There may not be enough liquid assets to pay the estate bill but selling the business is out of the question. What is this family to do?

## Life Insurance as a Potential Solution

Life insurance has several important features that make it an excellent solution when dealing with estate taxes.

### Liquidity

Life Insurance can be owned outside of the estate (so as to not unnecessarily increase the estate value) and can be used by the heirs to provide liquidity to the estate. Estate administrators and heirs will find it much easier to divide up assets and possibly even allow certain heirs to purchase certain assets from the estate when it has a sizable pool of money.

If an heir really wants the family vacation home, he can use his share of insurance proceeds to purchase the other heirs' share of the house. Simply put, more liquid money means more options for heirs and the estate to achieve desired results.

### Cost Effective

For example, a \$2,000,000 policy might cost \$20,000 per year. Over 30 years, a total of \$600,000 has been spent but at the clients' death \$2,000,000 is received. This can be a more effective use of money than relying on selling estate assets in which case you would need to sell one dollar to create one dollar. And there is no telling how long a sale could take.

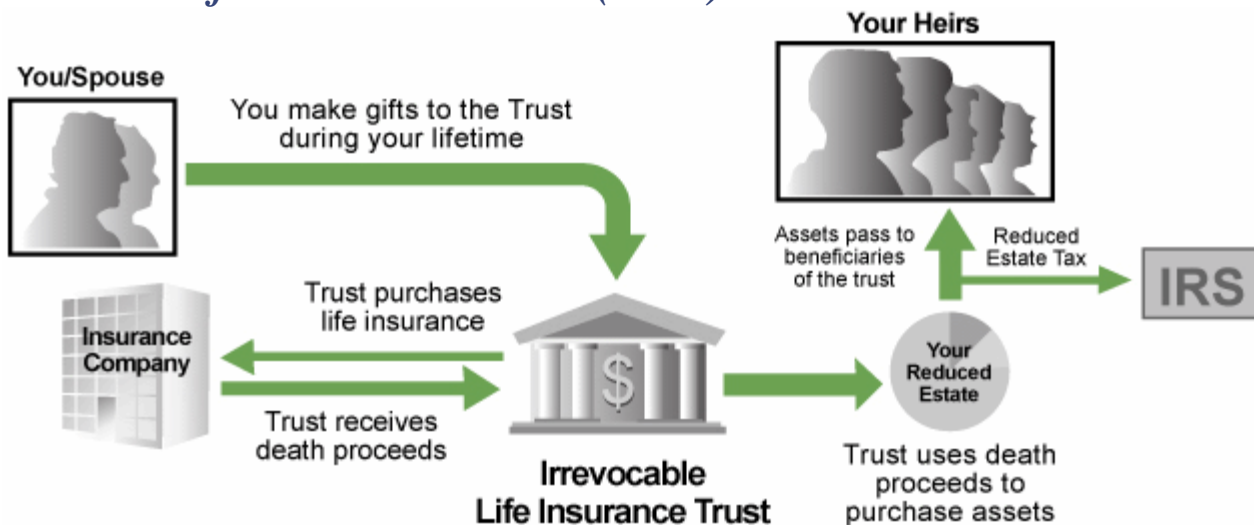
### Guaranteed Benefits Provide Certainty

Life insurance can be guaranteed\* to produce the stated benefit no matter when the estate owners pass away – even if that is just one year from now providing the premiums are paid, the policy is in force at the time of death. No other savings program designed to accumulate money could guarantee results that quickly.

*\*Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.*

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## Irrevocable Life Insurance Trust (ILIT)



An Irrevocable Life Insurance Trust (ILIT) creates a pool of money outside of the estate to offset estate taxes and provide more efficient wealth transfer between generations.

An ILIT is a very popular estate-planning tool designed to own life insurance outside the estate of the grantor(s). The trust makes life insurance death benefits available to pay estate taxes. This way, valuable estate assets do not need to be liquidated to generate cash, and family wealth is not eroded.

### Mechanics of an ILIT

Typically, the grantor(s) create the ILIT which then purchases life insurance on the lives of the grantors. If the grantors are a married couple, survivorship (second-to-die) insurance is usually the product of choice because of its affordability and the likelihood (in many instances) that the greatest need for cash will occur upon second death. For an unmarried grantor, single life products are used.

The ILIT is the applicant, owner, and beneficiary of the life insurance policy. The grantor(s)' heirs are beneficiaries of the ILIT, and the grantor(s) may be the insured(s). The trustee must not be the grantor(s) but can be a trusted individual or an institution. It is very important that all incidents of ownership of the life policy belong to the trust and not to the grantor(s) so as to avoid estate inclusion at the grantor(s) death.

The trust should have its own checking account, and the trustee writes premium checks from that account. The ILIT generally receives the money to fund that account through annual gifts from the grantor(s). These gifts are typically excluded from gift taxes by the annual gift tax exclusion if the trust provides the beneficiaries with special withdrawal rights called 'Crummey Powers'.

### Upon the Death of the Insured(s)

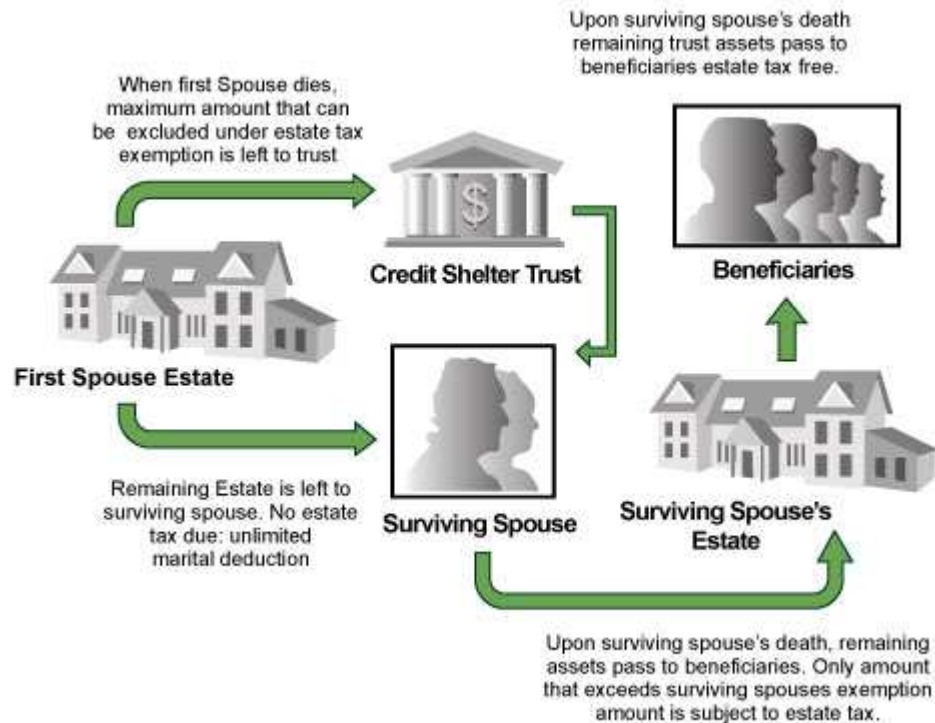
At the grantor(s) death, the ILIT, as beneficiary of the policy, receives the death benefit. The ILIT, operating for the benefit of the children, can purchase desired assets from the grantor(s)' estate thus enabling the children to own those assets while also providing the estate with cash for estate taxes. The ILIT could also loan money to the estate to pay estate taxes. This way, the estate can avoid forced liquidations. In essence, the ILIT uses its proceeds to provide liquidity to the estate so as to avoid a forced liquidation of estate assets to non-family members.

In a classic ILIT, once money is gifted into the trust, it cannot be recovered by the grantor(s). Many grantor(s) are comfortable with this loss of access, but for those grantor(s) who desire some level of access to trust assets, other options should be considered.

For the creation of any type of ILIT, a qualified estate-planning attorney is required.

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## Credit Shelter Trust (CST)



**A Credit Shelter Trust allows a married couple to minimize their estate taxes while still allowing the surviving spouse to have access to the entire estate.**

The Credit Shelter Trust (CST) is also referred to as Bypass Trust or B Trust in an A-B Trust Plan. The CST is appropriate for clients who expect to face estate taxes, and is an alternative to using the unlimited marital deduction for all assets in order to reduce total estate taxes.

When using the unlimited marital deduction on all property of the first to die, the two estates are essentially merged into one larger estate that will be subject to estate tax at the second death. At the survivor's death, his/her estate can claim his/her unified credit to offset a portion of the taxes.

However, this strategy only makes use of one unified credit. If both unified credits had been used, the couple could have protected twice the amount of assets from taxation. For example, in 2009, the exemption equivalent amount is \$3.5 million. Using just one unified credit would allow the protection of only \$3.5 million of estate value. By successfully using both unified credits, such as via a CST, an estate could be worth up to \$7 million before estate taxes are triggered. Current tax law revokes the estate tax in 2010 only and then reinstates the estate tax with an exemption equivalent of \$1 million in 2011. If the current law remains unchanged, then a couple passing away in 2011 or later could protect \$2 million from estate taxes using a CST instead of just \$1 million by leaving all assets directly to the surviving spouse.

In order to use both unified credits, estate assets must be left to non-spousal heirs at the first death as well as the second death. The disadvantage of leaving assets directly to non-spousal heirs at the first death is that the surviving spouse does not receive that money. Many people are uncomfortable with that and fear the spouse may someday need that money. The CST solves this dilemma.

### Mechanics of a CST

The CST is funded with assets from the estate of the first to die. During the surviving spouse's lifetime, he/she can

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receive income from the CST assets and, subject to certain limitations, even invade principal if needed. At the survivor's death, trust assets are generally not included in the survivor's estate, and are passed to the non-spousal heirs as outlined in the trust. Thus, the surviving spouse is not put at financial risk, and yet the trust assets are not counted as part of his/her estate.

The first to die typically puts an amount of assets into the CST equal to the exemption equivalent in the year of death. Any more assets than that, and estate taxes would be due although some planners recommend paying some taxes at the first death in order to avoid a higher estate tax marginal rate upon the death of the surviving spouse. By funding a CST with assets up to the exemption amount, the couple successfully uses both unified credits and minimizes total estate taxes.

A CST can only be funded with assets individually owned by the first to die. Therefore, each half of the married couple should own enough assets in his/her name to fund a CST upon death. If one person does not own enough assets to fully fund a CST, a retitling of specified assets is needed.

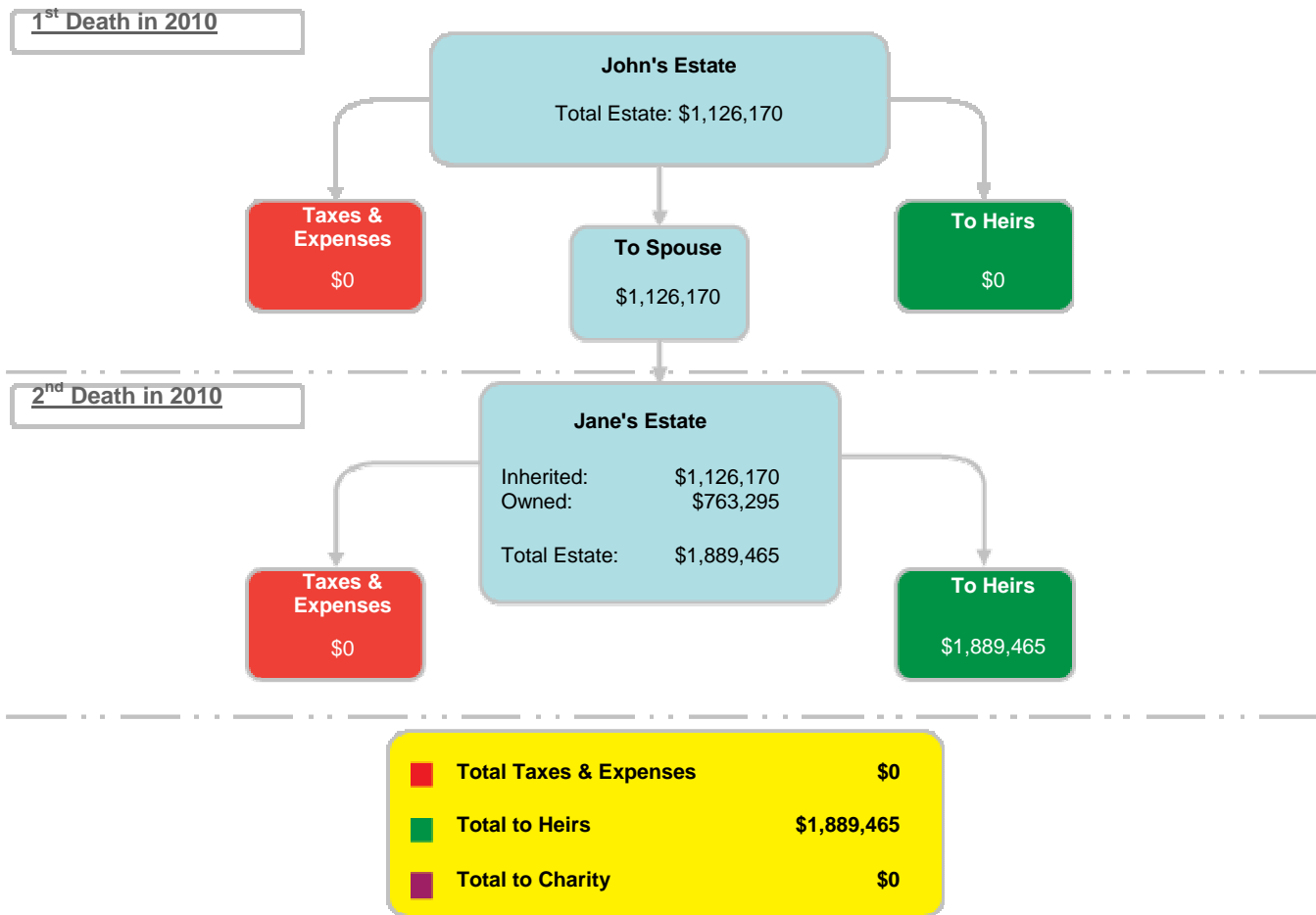
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## Client & Spouse Die Today

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# Estate Flow Chart - Current Plan

One goal of estate planning is to distribute as much of your assets to your heirs and/or charity, rather than paying a larger percentage out as taxes. In this scenario, **John** dies first in **2010** and **Jane** dies second in **2010**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.



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## Estate Distributions - Current Plan

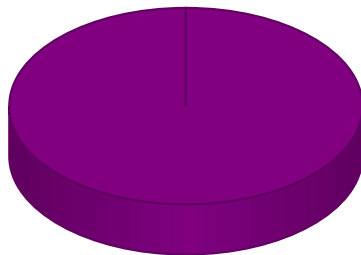
This report shows how assets are distributed. The report shows what you can expect to occur using **your current estate plan** in the scenario where **John** dies first in **2010** and **Jane** dies second in **2010**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.

Note that distribution consists of the total amounts given to heirs and charity, including lifetime gifts, assets passed via beneficiary, life insurance benefits, and trust payouts. Trusts funded at first death but distributed in the future at second death take into account the assumed growth.

Distributions	
To Children	\$0
To Non-Child Heirs	<b>\$1,889,465</b>
To Charity	\$0
<b>Total Distributions</b>	<b>\$1,889,465</b>

## Total Distributions - Current Plan

Estate Distribution



■ Total To Non-Child Heirs (100.00%)

### Distribution Recipients

• Total to Children	\$0
• Total to Non-child Heirs	\$1,889,465
• Total to Charity	\$0
<b>Total Distributions</b>	<b>\$1,889,465</b>

### Taxes and Expenses

• Estate Taxes	\$0
• Probate Fees	\$0
• Final Expenses	\$0
<b>Total Taxes &amp; Expenses</b>	<b>\$0</b>

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## Estate Details - Current Plan

This report calculates estate distributions assuming **John** dies in **2010** and **Jane** dies in **2010**. It shows how distributions are made at each death, as well as any distributions made during lifetime as gifts. It also provides the ultimate total distribution after second death.

### Gifts Given During Life - John and/or Jane

Recipient	Annual Exclusion	Lifetime Non-Exclusion	Lifetime Charitable	Total Gifts
Total to Children	\$0	\$0	\$0	\$0
Total to Non-child Heirs	\$0	\$0	\$0	\$0
Total to Charity	\$0	\$0	\$0	\$0
Total Gifts Distributed	\$0	\$0	\$0	\$0

### Distributions at First Death - John

John's Estate

\$1,126,170

#### Interim Distributions

Recipient	From Estate	From ILIT
Spouse	\$1,126,170	\$0
<b>Total Interim Distributions</b>	<b>\$1,126,170</b>	<b>\$0</b>

#### Ultimate Distributions

Recipient	From Estate	From ILIT
Non-child Heirs		
Charity	\$0	\$0
<b>Ultimate Distributions at First Death</b>	<b>\$0</b>	<b>\$0</b>

#### Taxes, Fees, & Expenses

Estate Tax	\$0
State Death Tax	\$0
Probate Fees	\$0
Final Expenses	\$0
<b>Taxes, Fees, &amp; Expenses at First Death</b>	<b>\$0</b>

### Distributions at Second Death - Jane

Jane's Estate

\$1,889,465

#### Ultimate Distributions

Recipient	From Estate	From CST	From ILIT
Children			
Non-child Heirs			
Other Heirs	\$1,889,465	\$0	\$0

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<b>Ultimate Distributions at Second Death</b>	<b>\$1,889,465</b>	<b>\$0</b>	<b>\$0</b>
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**Taxes, Fees, & Expenses**

Estate Tax	\$0
State Death Tax	\$0
Probate Fees	\$0
Final Expenses	\$0
<b>Taxes, Fees, &amp; Expenses at Second Death</b>	<b>\$0</b>

***Total Distributions***

Recipient	Total Gifts	Total From Estate	Total From Trusts	Total Distributions
Children				
Non-child Heirs				
Other Heirs	\$0	\$1,889,465	\$0	\$1,889,465
Charity	\$0	\$0	\$0	\$0
<b>Final Total Distributions</b>	<b>\$0</b>	<b>\$1,889,465</b>	<b>\$0</b>	<b>\$1,889,465</b>

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## Estate Tax Calculation - Current Plan

This report calculates estate tax, assuming **John** dies in **2010** and **Jane** dies in **2010** in a step by step manner. It sums up the gross estate, subtracts any deductions, and calculates estate tax, taking into account unified credit.

### Step 1: Calculate Gross Estate

		John	Jane
‡	Assets Passed Via Will (\$1,126,170 Inherited)	\$0	\$1,889,465
‡	plus... Assets Passed Via Beneficiary	\$412,880	\$0
‡	plus... Assets Passed Via Rights of Survivorship	\$313,290	\$0
‡	plus... Life Insurance	\$400,000	\$0
	<b>total... Gross Estate</b>	<b>\$1,126,170</b>	<b>\$1,889,465</b>

### Step 2: Calculate Taxable Estate

		John	Jane
‡	Gross Estate	\$1,126,170	\$1,889,465
‡	minus... Probate Fees	\$0	\$0
‡	minus... Final Expenses	\$0	\$0
‡	minus... Marital Deduction	\$1,126,170	\$0
‡	minus... Charitable Bequests	\$0	\$0
	<b>total... Taxable Estate</b>	<b>\$0</b>	<b>\$1,889,465</b>

### Step 3: Calculate Tentative Tax Base

		John	Jane
‡	Taxable Estate	\$0	\$1,889,465
‡	plus... Taxable Gifts Given During Lifetime	\$0	\$0
	<b>total... Tentative Tax Base</b>	<b>\$0</b>	<b>\$1,889,465</b>

### Step 4: Calculate Estate Tax

		John	Jane
‡	Tentative Tax Base	\$0	\$1,889,465
‡	calculate... Tentative Tax	\$0	\$0
‡	minus... Gift Tax Paid During Lifetime	\$0	\$0
‡	minus... Unified Credit	\$0	\$0
‡	minus... State Death Tax Credit	\$0	\$0
	<b>total... Estate Tax Due</b>	<b>\$0</b>	<b>\$0</b>

### Step 5: Total Taxes and Expenses

		John	Jane
‡	Estate Tax	\$0	\$0
‡	plus... Probate Fees	\$0	\$0
‡	plus... Final Expenses	\$0	\$0
‡	plus... State Death Tax	\$0	\$0
	<b>total... Total Taxes and Expenses</b>	<b>\$0</b>	<b>\$0</b>

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## *Gift Details - Current Plan*

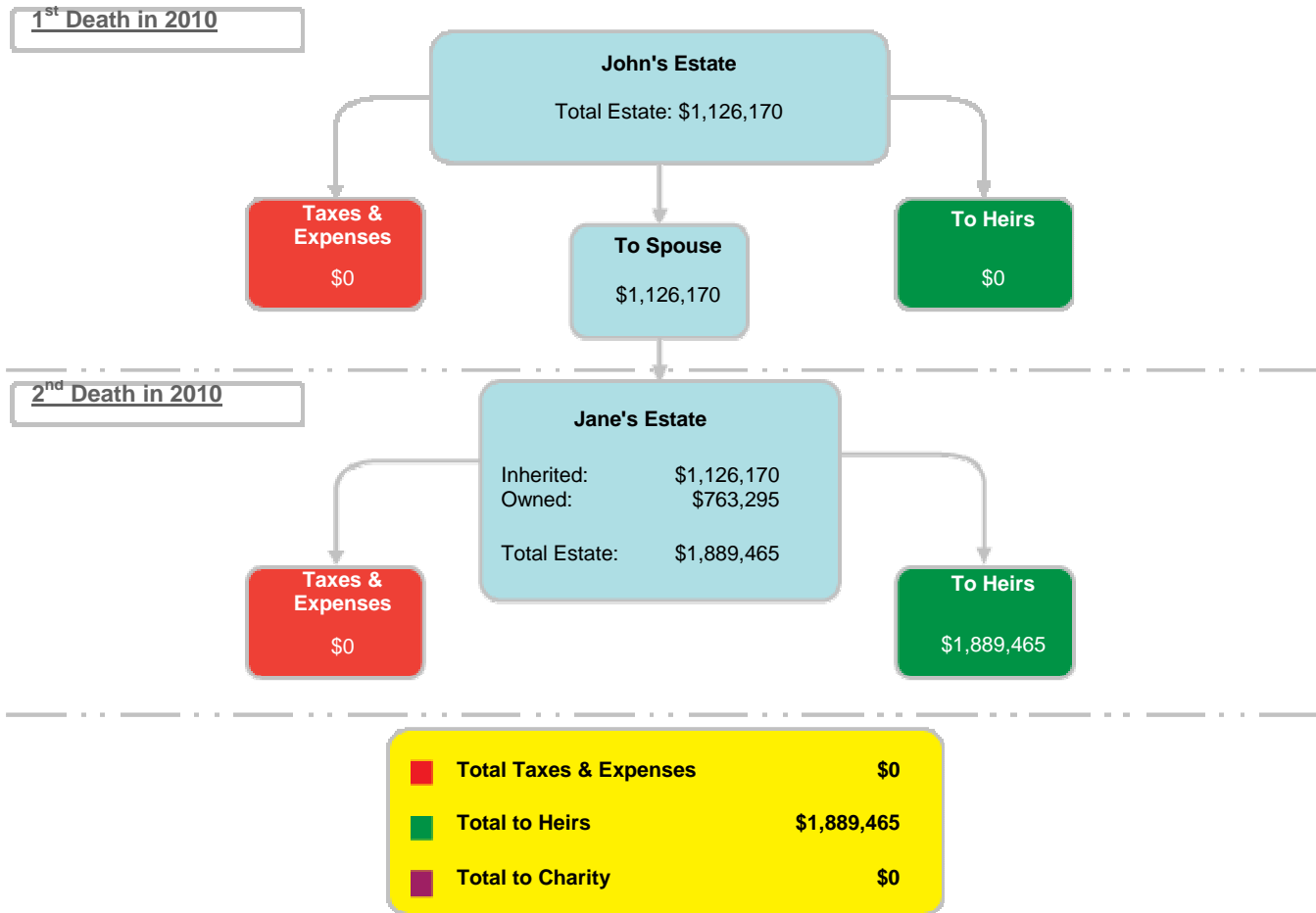
This report shows the year by year handling of the gift plan.

Year	BOY Cash + Taxable Assets Available	Growth	Annual Exclusion Gifts	Non Exclusion Gifts	Charitable Gifts	Premium Gifts	EOY Cash + Taxable Assets Available
2010	\$631,585	\$0	\$0	\$0	\$0	\$0	\$0

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# Estate Flow Chart - New Plan

One goal of estate planning is to distribute as much of your assets to your heirs and/or charity, rather than paying a larger percentage out as taxes. In this scenario, **John** dies first in **2010** and **Jane** dies second in **2010**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.



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## Estate Distributions - New Plan

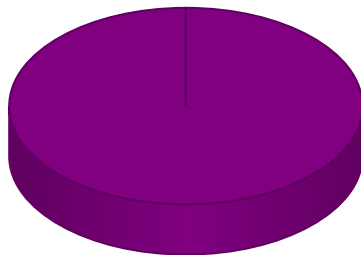
This report shows how assets are distributed. The report shows what you can expect to occur using **your new estate plan** in the scenario where **John** dies first in **2010** and **Jane** dies second in **2010**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.

Note that distribution consists of the total amounts given to heirs and charity, including lifetime gifts, assets passed via beneficiary, life insurance benefits, and trust payouts. Trusts funded at first death but distributed in the future at second death take into account the assumed growth.

Distributions	
To Children	<b>\$0</b>
To Non-Child Heirs	<b>\$1,889,465</b>
To Charity	<b>\$0</b>
<b>Total Distributions</b>	<b>\$1,889,465</b>

## Total Distributions - New Plan

Estate Distribution



■ Total To Non-Child Heirs (100.00%)

### Distribution Recipients

• Total to Children	\$0
• Total to Non-child Heirs	\$1,889,465
• Total to Charity	\$0
<b>Total Distributions</b>	<b>\$1,889,465</b>

### Taxes and Expenses

• Estate Taxes	\$0
• Probate Fees	\$0
• Final Expenses	\$0
<b>Total Taxes &amp; Expenses</b>	<b>\$0</b>

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## Estate Details - New Plan

This report calculates estate distributions assuming **John** dies in **2010** and **Jane** dies in **2010**. It shows how distributions are made at each death, as well as any distributions made during lifetime as gifts. It also provides the ultimate total distribution after second death.

### Gifts Given During Life - John and/or Jane

Recipient	Annual Exclusion	Lifetime Non-Exclusion	Lifetime Charitable	Total Gifts
Total to Children	\$0	\$0	\$0	\$0
Total to Non-child Heirs	\$0	\$0	\$0	\$0
Total to Charity	\$0	\$0	\$0	\$0
Total Gifts Distributed	\$0	\$0	\$0	\$0

### Distributions at First Death - John

John's Estate

\$1,126,170

#### Interim Distributions

Recipient	From Estate	From ILIT
Spouse	\$1,126,170	\$0
<b>Total Interim Distributions</b>	<b>\$1,126,170</b>	<b>\$0</b>

#### Ultimate Distributions

Recipient	From Estate	From ILIT
Non-child Heirs		
Charity	\$0	\$0
<b>Ultimate Distributions at First Death</b>	<b>\$0</b>	<b>\$0</b>

#### Taxes, Fees, & Expenses

Estate Tax	\$0
State Death Tax	\$0
Probate Fees	\$0
Final Expenses	\$0
<b>Taxes, Fees, &amp; Expenses at First Death</b>	<b>\$0</b>

### Distributions at Second Death - Jane

Jane's Estate

\$1,889,465

#### Ultimate Distributions

Recipient	From Estate	From CST	From ILIT
Children			
Non-child Heirs			
Other Heirs	\$1,889,465	\$0	\$0

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<b>Ultimate Distributions at Second Death</b>	<b>\$1,889,465</b>	<b>\$0</b>	<b>\$0</b>
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**Taxes, Fees, & Expenses**

Estate Tax	\$0
State Death Tax	\$0
Probate Fees	\$0
Final Expenses	\$0
<b>Taxes, Fees, &amp; Expenses at Second Death</b>	<b>\$0</b>

***Total Distributions***

Recipient	Total Gifts	Total From Estate	Total From Trusts	Total Distributions
Children				
Non-child Heirs				
Other Heirs	\$0	\$1,889,465	\$0	\$1,889,465
Charity	\$0	\$0	\$0	\$0
<b>Final Total Distributions</b>	<b>\$0</b>	<b>\$1,889,465</b>	<b>\$0</b>	<b>\$1,889,465</b>

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## Estate Tax Calculation - New Plan

This report calculates estate tax, assuming **John** dies in **2010** and **Jane** dies in **2010** in a step by step manner. It sums up the gross estate, subtracts any deductions, and calculates estate tax, taking into account unified credit.

### Step 1: Calculate Gross Estate

		John	Jane
‡	Assets Passed Via Will (\$1,126,170 Inherited)	\$0	\$1,889,465
‡	plus... Assets Passed Via Beneficiary	\$412,880	\$0
‡	plus... Assets Passed Via Rights of Survivorship	\$313,290	\$0
‡	plus... Life Insurance	\$400,000	\$0
	<b>total... Gross Estate</b>	<b>\$1,126,170</b>	<b>\$1,889,465</b>

### Step 2: Calculate Taxable Estate

		John	Jane
‡	Gross Estate	\$1,126,170	\$1,889,465
‡	minus... Probate Fees	\$0	\$0
‡	minus... Final Expenses	\$0	\$0
‡	minus... Marital Deduction	\$1,126,170	\$0
‡	minus... Charitable Bequests	\$0	\$0
	<b>total... Taxable Estate</b>	<b>\$0</b>	<b>\$1,889,465</b>

### Step 3: Calculate Tentative Tax Base

		John	Jane
‡	Taxable Estate	\$0	\$1,889,465
‡	plus... Taxable Gifts Given During Lifetime	\$0	\$0
	<b>total... Tentative Tax Base</b>	<b>\$0</b>	<b>\$1,889,465</b>

### Step 4: Calculate Estate Tax

		John	Jane
‡	Tentative Tax Base	\$0	\$1,889,465
‡	calculate... Tentative Tax	\$0	\$0
‡	minus... Gift Tax Paid During Lifetime	\$0	\$0
‡	minus... Unified Credit	\$0	\$0
‡	minus... State Death Tax Credit	\$0	\$0
‡	<b>total... Estate Tax Due</b>	<b>\$0</b>	<b>\$0</b>

### Step 5: Total Taxes and Expenses

		John	Jane
‡	Estate Tax	\$0	\$0
‡	plus... Probate Fees	\$0	\$0
‡	plus... Final Expenses	\$0	\$0
‡	plus... State Death Tax	\$0	\$0
‡	<b>total... Total Taxes and Expenses</b>	<b>\$0</b>	<b>\$0</b>

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## Gift Details - New Plan

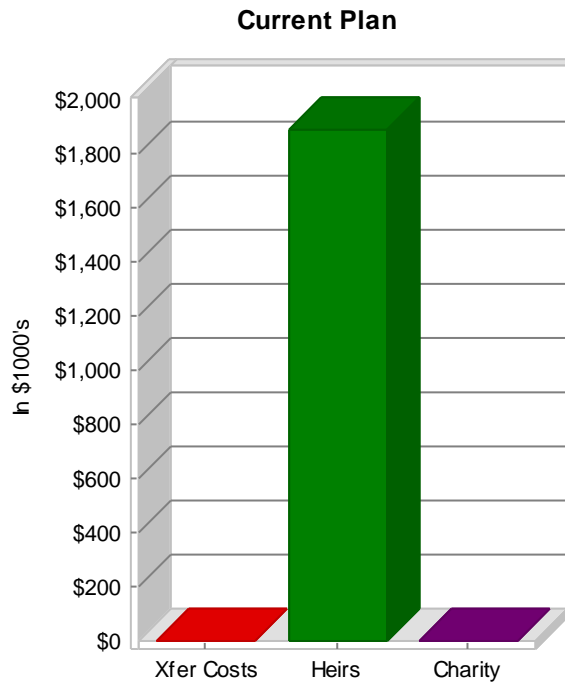
This report shows the year by year handling of the gift plan.

Year	BOY Cash + Taxable Assets Available	Growth	Annual Exclusion Gifts	Non Exclusion Gifts	Charitable Gifts	Premium Gifts	EOY Cash + Taxable Assets Available
2010	\$631,585	\$0	\$0	\$0	\$0	\$0	\$0

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## Current Plan vs. New Plan

This report compares your current estate plan to the outcome of possible estate plan changes. It assumes that **John** dies in **2010** and **Jane** dies in **2010**. It summarizes the differences in taxes and fees paid, and of amounts ultimately distributed to the heirs.



### Current Scenario

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<b>Total Transfer Costs</b>	<b>\$0</b>
<b>Net to Heirs</b>	<b>\$1,889,465</b>
<b>Amount to Charity</b>	<b>\$0</b>

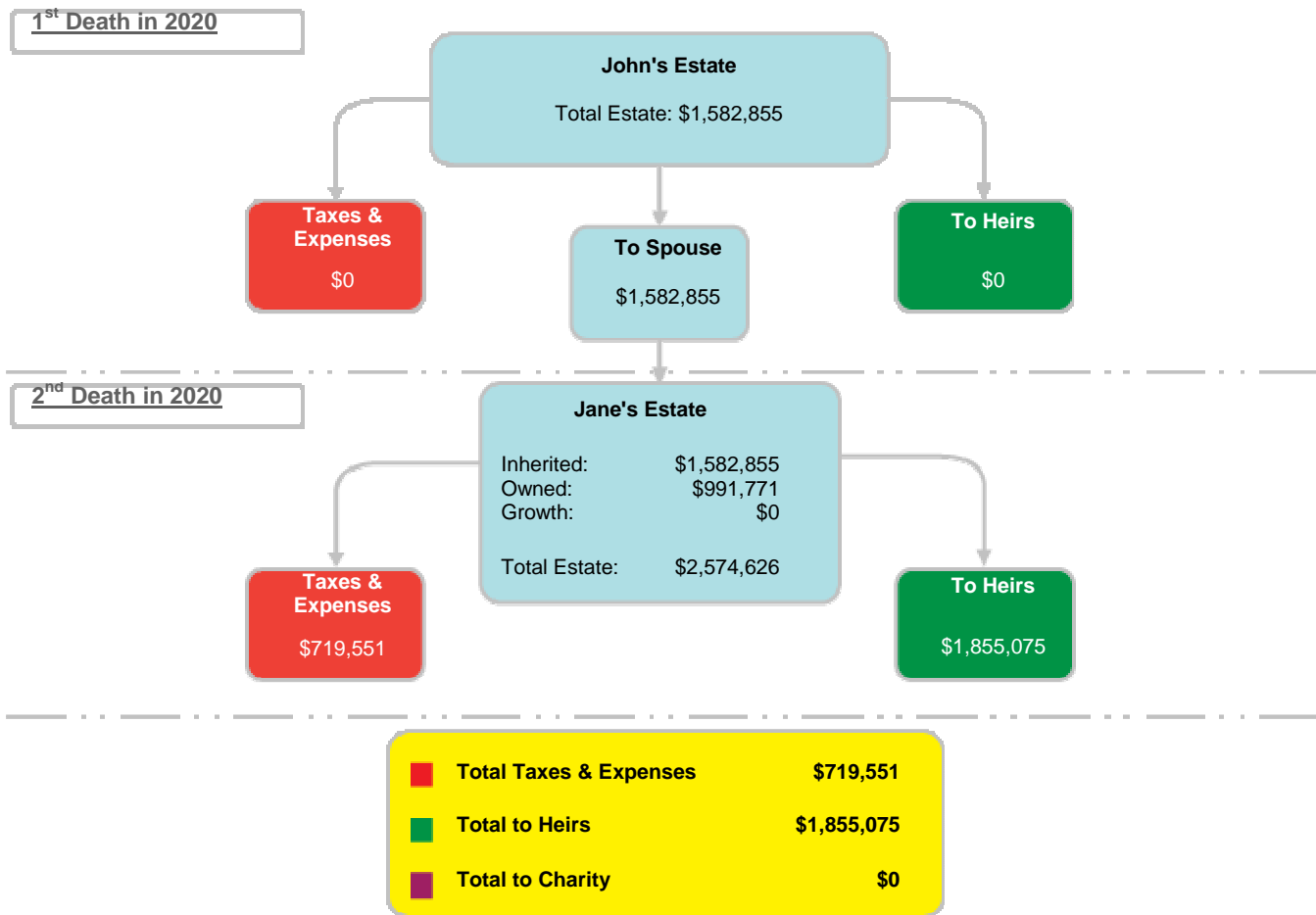
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## Client & Spouse Die In Specified Years

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# Estate Flow Chart - Current Plan

One goal of estate planning is to distribute as much of your assets to your heirs and/or charity, rather than paying a larger percentage out as taxes. In this scenario, **John** dies first in **2020** and **Jane** dies second in **2020**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.



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## Estate Distributions - Current Plan

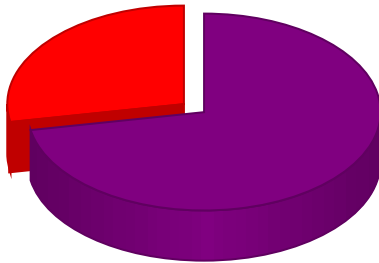
This report shows how assets are distributed. The report shows what you can expect to occur using **your current estate plan** in the scenario where **John** dies first in **2020** and **Jane** dies second in **2020**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.

Note that distribution consists of the total amounts given to heirs and charity, including lifetime gifts, assets passed via beneficiary, life insurance benefits, and trust payouts. Trusts funded at first death but distributed in the future at second death take into account the assumed growth.

Distributions	
To Children	<b>\$0</b>
To Non-Child Heirs	<b>\$1,855,075</b>
To Charity	<b>\$0</b>
<b>Total Distributions</b>	<b>\$1,855,075</b>

## Total Distributions - Current Plan

Estate Distribution



<span style="color: purple;">■</span> Total To Non-Child Heirs (72.05%)	<span style="color: red;">■</span> Total Estate Taxes (27.95%)
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### Distribution Recipients

• Total to Children	\$0
• Total to Non-child Heirs	\$1,855,075
• Total to Charity	\$0

**Total Distributions** **\$1,855,075**

### Taxes and Expenses

• Estate Taxes	\$719,551
• Probate Fees	\$0
• Final Expenses	\$0

**Total Taxes & Expenses** **\$719,551**

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## Estate Details - Current Plan

This report calculates estate distributions assuming **John** dies in **2020** and **Jane** dies in **2020**. It shows how distributions are made at each death, as well as any distributions made during lifetime as gifts. It also provides the ultimate total distribution after second death.

### Gifts Given During Life - John and/or Jane

Recipient	Annual Exclusion	Lifetime Non-Exclusion	Lifetime Charitable	Total Gifts
Total to Children	\$0	\$0	\$0	\$0
Total to Non-child Heirs	\$0	\$0	\$0	\$0
Total to Charity	\$0	\$0	\$0	\$0
Total Gifts Distributed	\$0	\$0	\$0	\$0

### Distributions at First Death - John

John's Estate \$1,582,855

Recipient	Interim Distributions	
	From Estate	From ILIT
Spouse	\$1,582,855	\$0
<b>Total Interim Distributions</b>	<b>\$1,582,855</b>	<b>\$0</b>

Recipient	Ultimate Distributions	
	From Estate	From ILIT
Non-child Heirs		
Charity	\$0	\$0
<b>Ultimate Distributions at First Death</b>	<b>\$0</b>	<b>\$0</b>

Taxes, Fees, & Expenses		
Estate Tax	\$0	
State Death Tax	\$0	
Probate Fees	\$0	
Final Expenses	\$0	
<b>Taxes, Fees, &amp; Expenses at First Death</b>	<b>\$0</b>	

### Distributions at Second Death - Jane

Jane's Estate \$2,574,626

Recipient	Ultimate Distributions		
	From Estate	From CST	From ILIT
Children			
Non-child Heirs			
Other Heirs	\$1,855,075	\$0	\$0

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<b>Ultimate Distributions at Second Death</b>	<b>\$1,855,075</b>	<b>\$0</b>	<b>\$0</b>
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**Taxes, Fees, & Expenses**

Estate Tax	\$719,551
State Death Tax	\$0
Probate Fees	\$0
Final Expenses	\$0
<b>Taxes, Fees, &amp; Expenses at Second Death</b>	<b>\$719,551</b>

***Total Distributions***

Recipient	Total Gifts	Total From Estate	Total From Trusts	Total Distributions
Children				
Non-child Heirs				
Other Heirs	\$0	\$1,855,075	\$0	\$1,855,075
Charity	\$0	\$0	\$0	\$0
<b>Final Total Distributions</b>	<b>\$0</b>	<b>\$1,855,075</b>	<b>\$0</b>	<b>\$1,855,075</b>

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## Estate Tax Calculation - Current Plan

This report calculates estate tax, assuming **John** dies in **2020** and **Jane** dies in **2020** in a step by step manner. It sums up the gross estate, subtracts any deductions, and calculates estate tax, taking into account unified credit.

### Step 1: Calculate Gross Estate

		John	Jane
‡	Assets Passed Via Will (\$1,582,855 Inherited)	\$0	\$2,574,626
‡ plus...	Assets Passed Via Beneficiary	\$672,539	\$0
‡ plus...	Assets Passed Via Rights of Survivorship	\$510,316	\$0
‡ plus...	Life Insurance	\$400,000	\$0
total...	<b>Gross Estate</b>	<b>\$1,582,855</b>	<b>\$2,574,626</b>

### Step 2: Calculate Taxable Estate

		John	Jane
‡	Gross Estate	\$1,582,855	\$2,574,626
‡ minus...	Probate Fees	\$0	\$0
‡ minus...	Final Expenses	\$0	\$0
‡ minus...	Marital Deduction	\$1,582,855	\$0
‡ minus...	Charitable Bequests	\$0	\$0
total...	<b>Taxable Estate</b>	<b>\$0</b>	<b>\$2,574,626</b>

### Step 3: Calculate Tentative Tax Base

		John	Jane
‡	Taxable Estate	\$0	\$2,574,626
‡ plus...	Taxable Gifts Given During Lifetime	\$0	\$0
total...	<b>Tentative Tax Base</b>	<b>\$0</b>	<b>\$2,574,626</b>

### Step 4: Calculate Estate Tax

		John	Jane
‡	Tentative Tax Base	\$0	\$2,574,626
‡ calculate...	Tentative Tax	\$0	\$1,065,351
‡ minus...	Gift Tax Paid During Lifetime	\$0	\$0
‡ minus...	Unified Credit	\$345,800	\$345,800
‡ minus...	State Death Tax Credit	\$0	\$0
‡ total...	<b>Estate Tax Due</b>	<b>\$0</b>	<b>\$719,551</b>

### Step 5: Total Taxes and Expenses

		John	Jane
‡	Estate Tax	\$0	\$719,551
‡ plus...	Probate Fees	\$0	\$0
‡ plus...	Final Expenses	\$0	\$0
‡ plus...	State Death Tax	\$0	\$0
‡ total...	<b>Total Taxes and Expenses</b>	<b>\$0</b>	<b>\$719,551</b>

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## Gift Details - Current Plan

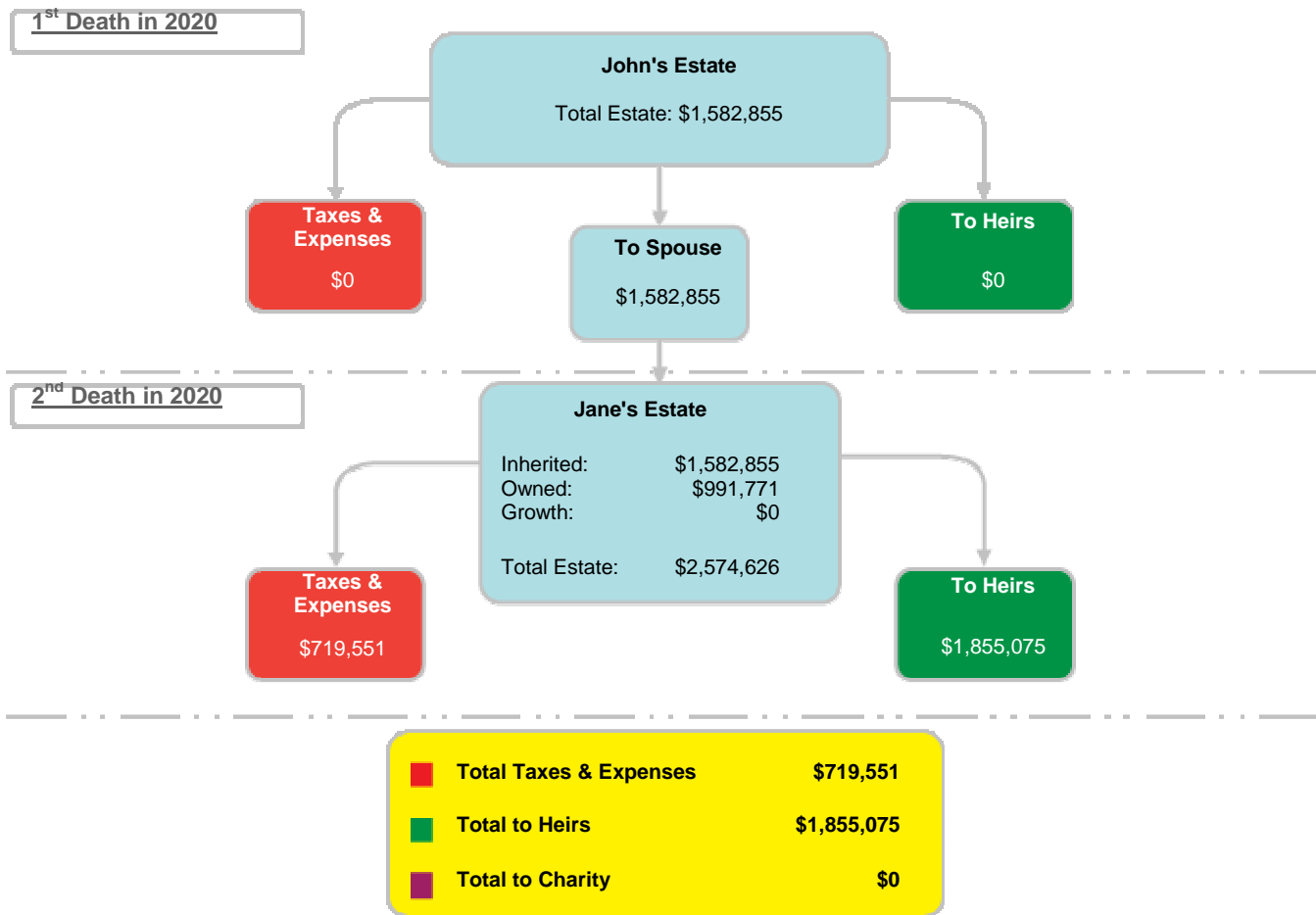
This report shows the year by year handling of the gift plan.

Year	BOY Cash + Taxable Assets Available	Growth	Annual Exclusion Gifts	Non Exclusion Gifts	Charitable Gifts	Premium Gifts	EOY Cash + Taxable Assets Available
2010	\$631,585	\$31,579	\$0	\$0	\$0	\$0	\$663,163
2011	\$663,163	\$33,158	\$0	\$0	\$0	\$0	\$696,322
2012	\$696,322	\$34,816	\$0	\$0	\$0	\$0	\$731,138
2013	\$731,138	\$36,557	\$0	\$0	\$0	\$0	\$767,694
2014	\$767,694	\$38,385	\$0	\$0	\$0	\$0	\$806,080
2015	\$806,080	\$40,304	\$0	\$0	\$0	\$0	\$846,383
2016	\$846,383	\$42,319	\$0	\$0	\$0	\$0	\$888,702
2017	\$888,702	\$44,435	\$0	\$0	\$0	\$0	\$933,138
2018	\$933,138	\$46,657	\$0	\$0	\$0	\$0	\$979,794
2019	\$979,794	\$48,990	\$0	\$0	\$0	\$0	\$1,028,784
2020	\$1,028,784	\$0	\$0	\$0	\$0	\$0	\$0

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# Estate Flow Chart - New Plan

One goal of estate planning is to distribute as much of your assets to your heirs and/or charity, rather than paying a larger percentage out as taxes. In this scenario, **John** dies first in **2020** and **Jane** dies second in **2020**. The report shows how the assets of the estate are distributed to heirs, charity, trusts, and how much goes towards paying taxes and expenses associated with death.



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## Estate Distributions - New Plan

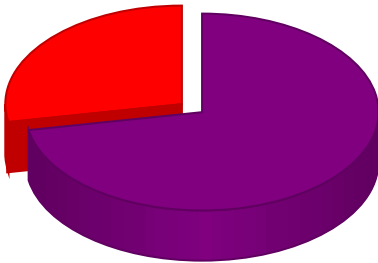
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Note that distribution consists of the total amounts given to heirs and charity, including lifetime gifts, assets passed via beneficiary, life insurance benefits, and trust payouts. Trusts funded at first death but distributed in the future at second death take into account the assumed growth.

Distributions	
To Children	<b>\$0</b>
To Non-Child Heirs	<b>\$1,855,075</b>
To Charity	<b>\$0</b>
<b>Total Distributions</b>	<b>\$1,855,075</b>

## Total Distributions - New Plan

Estate Distribution



<span style="color: purple;">■</span> Total To Non-Child Heirs (72.05%)	<span style="color: red;">■</span> Total Estate Taxes (27.95%)
---	--

### Distribution Recipients

• Total to Children	<b>\$0</b>
• Total to Non-child Heirs	<b>\$1,855,075</b>
• Total to Charity	<b>\$0</b>

**Total Distributions** **\$1,855,075**

### Taxes and Expenses

• Estate Taxes	<b>\$719,551</b>
• Probate Fees	<b>\$0</b>
• Final Expenses	<b>\$0</b>

**Total Taxes & Expenses** **\$719,551**

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## Estate Details - New Plan

This report calculates estate distributions assuming **John** dies in **2020** and **Jane** dies in **2020**. It shows how distributions are made at each death, as well as any distributions made during lifetime as gifts. It also provides the ultimate total distribution after second death.

### Gifts Given During Life - John and/or Jane

Recipient	Annual Exclusion	Lifetime Non-Exclusion	Lifetime Charitable	Total Gifts
Total to Children	\$0	\$0	\$0	\$0
Total to Non-child Heirs	\$0	\$0	\$0	\$0
Total to Charity	\$0	\$0	\$0	\$0
Total Gifts Distributed	\$0	\$0	\$0	\$0

### Distributions at First Death - John

John's Estate		\$1,582,855	
Interim Distributions			
Recipient		From Estate	From ILIT
Spouse		\$1,582,855	\$0
<b>Total Interim Distributions</b>		<b>\$1,582,855</b>	<b>\$0</b>
Ultimate Distributions			
Recipient		From Estate	From ILIT
Non-child Heirs			
Charity		\$0	\$0
<b>Ultimate Distributions at First Death</b>		<b>\$0</b>	<b>\$0</b>
Taxes, Fees, & Expenses			
Estate Tax		\$0	
State Death Tax		\$0	
Probate Fees		\$0	
Final Expenses		\$0	
<b>Taxes, Fees, &amp; Expenses at First Death</b>		<b>\$0</b>	

### Distributions at Second Death - Jane

Jane's Estate		\$2,574,626		
Ultimate Distributions				
Recipient		From Estate	From CST	From ILIT
Children				
Non-child Heirs				
Other Heirs		\$1,855,075	\$0	\$0

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<b>Ultimate Distributions at Second Death</b>	<b>\$1,855,075</b>	<b>\$0</b>	<b>\$0</b>
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**Taxes, Fees, & Expenses**

Estate Tax	\$719,551
State Death Tax	\$0
Probate Fees	\$0
Final Expenses	\$0
<b>Taxes, Fees, &amp; Expenses at Second Death</b>	<b>\$719,551</b>

***Total Distributions***

Recipient	Total Gifts	Total From Estate	Total From Trusts	Total Distributions
Children				
Non-child Heirs				
Other Heirs	\$0	\$1,855,075	\$0	\$1,855,075
Charity	\$0	\$0	\$0	\$0
<b>Final Total Distributions</b>	<b>\$0</b>	<b>\$1,855,075</b>	<b>\$0</b>	<b>\$1,855,075</b>

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## Estate Tax Calculation - New Plan

This report calculates estate tax, assuming **John** dies in **2020** and **Jane** dies in **2020** in a step by step manner. It sums up the gross estate, subtracts any deductions, and calculates estate tax, taking into account unified credit.

### Step 1: Calculate Gross Estate

		John	Jane
‡	Assets Passed Via Will (\$1,582,855 Inherited)	\$0	\$2,574,626
‡ plus...	Assets Passed Via Beneficiary	\$672,539	\$0
‡ plus...	Assets Passed Via Rights of Survivorship	\$510,316	\$0
‡ plus...	Life Insurance	\$400,000	\$0
total...	<b>Gross Estate</b>	<b>\$1,582,855</b>	<b>\$2,574,626</b>

### Step 2: Calculate Taxable Estate

		John	Jane
‡	Gross Estate	\$1,582,855	\$2,574,626
‡ minus...	Probate Fees	\$0	\$0
‡ minus...	Final Expenses	\$0	\$0
‡ minus...	Marital Deduction	\$1,582,855	\$0
‡ minus...	Charitable Bequests	\$0	\$0
total...	<b>Taxable Estate</b>	<b>\$0</b>	<b>\$2,574,626</b>

### Step 3: Calculate Tentative Tax Base

		John	Jane
‡	Taxable Estate	\$0	\$2,574,626
‡ plus...	Taxable Gifts Given During Lifetime	\$0	\$0
total...	<b>Tentative Tax Base</b>	<b>\$0</b>	<b>\$2,574,626</b>

### Step 4: Calculate Estate Tax

		John	Jane
‡	Tentative Tax Base	\$0	\$2,574,626
‡ calculate...	Tentative Tax	\$0	\$1,065,351
‡ minus...	Gift Tax Paid During Lifetime	\$0	\$0
‡ minus...	Unified Credit	\$345,800	\$345,800
‡ minus...	State Death Tax Credit	\$0	\$0
‡ total...	<b>Estate Tax Due</b>	<b>\$0</b>	<b>\$719,551</b>

### Step 5: Total Taxes and Expenses

		John	Jane
‡	Estate Tax	\$0	\$719,551
‡ plus...	Probate Fees	\$0	\$0
‡ plus...	Final Expenses	\$0	\$0
‡ plus...	State Death Tax	\$0	\$0
‡ total...	<b>Total Taxes and Expenses</b>	<b>\$0</b>	<b>\$719,551</b>

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## Gift Details - New Plan

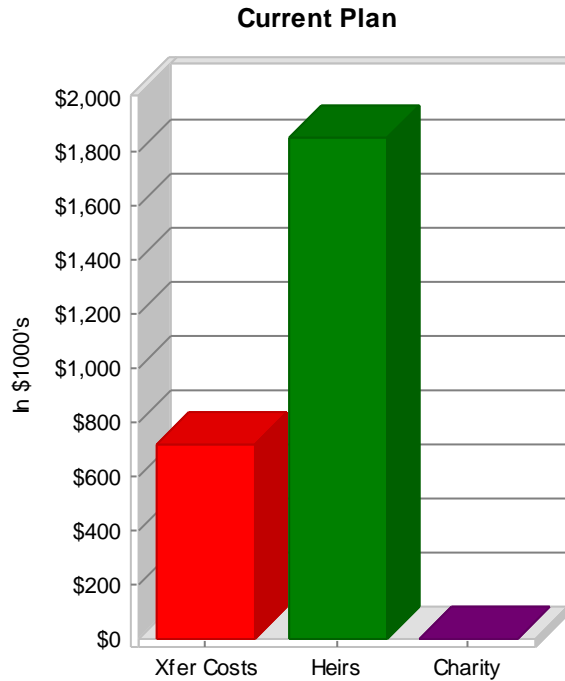
This report shows the year by year handling of the gift plan.

Year	BOY Cash + Taxable Assets Available	Growth	Annual Exclusion Gifts	Non Exclusion Gifts	Charitable Gifts	Premium Gifts	EOY Cash + Taxable Assets Available
2010	\$631,585	\$31,579	\$0	\$0	\$0	\$0	\$663,163
2011	\$663,163	\$33,158	\$0	\$0	\$0	\$0	\$696,322
2012	\$696,322	\$34,816	\$0	\$0	\$0	\$0	\$731,138
2013	\$731,138	\$36,557	\$0	\$0	\$0	\$0	\$767,694
2014	\$767,694	\$38,385	\$0	\$0	\$0	\$0	\$806,080
2015	\$806,080	\$40,304	\$0	\$0	\$0	\$0	\$846,383
2016	\$846,383	\$42,319	\$0	\$0	\$0	\$0	\$888,702
2017	\$888,702	\$44,435	\$0	\$0	\$0	\$0	\$933,138
2018	\$933,138	\$46,657	\$0	\$0	\$0	\$0	\$979,794
2019	\$979,794	\$48,990	\$0	\$0	\$0	\$0	\$1,028,784
2020	\$1,028,784	\$0	\$0	\$0	\$0	\$0	\$0

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## Current Plan vs. New Plan

This report compares your current estate plan to the outcome of possible estate plan changes. It assumes that **John** dies in **2020** and **Jane** dies in **2020**. It summarizes the differences in taxes and fees paid, and of amounts ultimately distributed to the heirs.



### Current Scenario

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<b>Total Transfer Costs</b>	<b>\$719,551</b>
<b>Net to Heirs</b>	<b>\$1,855,075</b>
<b>Amount to Charity</b>	<b>\$0</b>

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## ***Analysis Result Summary***

This report summarizes the results of the analyses for John and Jane Doe. It provides the information that is the basis for the "takeaway" message. All of the details concerning the process of how these results were arrived at are contained in the specific chapters for each selected analysis.

### ***Family Information***

Client: John and Jane Doe  
Address: 123 Main St  
Hendersonville, TN 37075  
H: (615) 123-4567

Client: John Doe  
Date of Birth: 4/1/1957  
Current Age: 53  
Spouse: Jane Doe  
Date of Birth: 4/1/1960  
Current Age: 50

### ***Advisor Information***

Prepared By: Kevin MacWilliams

### ***Analysis Performed***

- Estate Planning Analysis

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## Information Summary

The following financial information and assumptions were used in the preparation of this analysis.

### Family Information

Client: John and Jane Doe  
Address: 123 Main St  
Hendersonville, TN 37075  
H: (615) 123-4567

Client: John Doe  
Date of Birth: 4/1/1957  
Current Age: 53  
Spouse: Jane Doe  
Date of Birth: 4/1/1960  
Current Age: 50

### Estate Planning Analysis

#### Basic Assumptions

Client: John Doe  
Date of Birth: 4/1/1957  
Current Age: 53  
Spouse: Jane Doe  
Date of Birth: 4/1/1960  
Current Age: 50

#### Estate Planning Assumptions

Future Analysis for John Doe: Death Occurs in 10 Years (2020)  
Future Analysis for Jane Doe: Death Occurs in 10 Years (2020)  
Assets Indexed at: 5.00% from Now Until 2022  
Assets Indexed at: 5.00% from 2022  
Estate Tax Law: Sunset Provision

The "Sunset Provision" reflects current law, under which the estate tax will be repealed in 2010, returning to 2001 levels on January 1, 2011, with an exemption of \$1 Million and a top rate of 55%. Any other assumptions of estate tax levels will require an act of Congress.

### Assets & Savings

Non-Qualified Assets	Current Value
Checking	\$13,000
Hancock	\$60,000
Jane Roth	\$5,005
John Roth	\$6,006
Taxable Investment 1	\$110,580

Total: \$194,591

Qualified Assets	Current Value
Jane IRA	\$27,289
Janes 401(k)	\$45,000
John IRA	\$314,000
John Qualified Plan	\$65,585

Total: \$451,874

Life Insurance Assets	Death Benefit Value
Cherie Term	\$400,000
John Term	\$400,000

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Total: \$800,000

Other Assets	Current Value
Camry	\$8,000
maxima	\$15,000
Primary Residence	\$420,000

Total: \$443,000

### **Liabilities**

Mortgages	Current Value
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Total: \$0

Other Liabilities	Current Value
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Total: \$0

### **Estate Plan - Wills**

#### **Wills - John Doe Dies First**

##### **John Doe's Current Will**

Unified credit does not go to Credit Shelter Trust

No bequest to charity

No bequest to heirs

Remainder of estate to: Surviving Spouse

##### **Jane Doe's Current Will**

No bequest to charity

No bequest to heirs

Remainder of estate to:

##### **John Doe's New Will**

Unified credit does not go to Credit Shelter Trust

No bequest to charity

No bequest to heirs

Remainder of estate to: Surviving Spouse

##### **Jane Doe's New Will**

No bequest to charity

No bequest to heirs

Remainder of estate to:

#### **Wills - Jane Doe Dies First**

##### **Jane Doe's Current Will**

Unified credit does not go to Credit Shelter Trust

No bequest to charity

No bequest to heirs

Remainder of estate to: Surviving Spouse

##### **John Doe's Current Will**

No bequest to charity

No bequest to heirs

Remainder of estate to:

##### **Jane Doe's New Will**

Unified credit does not go to Credit Shelter Trust

No bequest to charity

No bequest to heirs

Remainder of estate to: Surviving Spouse

##### **John Doe's New Will**

No bequest to charity

No bequest to heirs

Remainder of estate to:

### **Estate Plan - Trusts**

#### **Current Revocable Trust**

Client: Assets **do not** pass through a Revocable Trust

Spouse: Assets **do not** pass through a Revocable Trust

#### **New Revocable Trust**

Client: Assets **do not** pass through a Revocable Trust

Spouse: Assets **do not** pass through a Revocable Trust

#### **Current ILIT**

#### **New ILIT**

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Insured: Survivorship  
Benefit Amount: \$0  
Premium Gift: \$0

Insured: Survivorship  
New Benefit Amount: \$0  
New Premium Gift: \$0  
Transferred Benefit Amount: \$0  
Transferred Premium Amount: \$0

Insured: Client  
Benefit Amount: \$0  
Premium Gift: \$0

Insured: Client  
New Benefit Amount: \$0  
New Premium Gift: \$0  
Transferred Benefit Amount: \$0  
Transferred Premium Amount: \$0

Insured: Spouse  
Benefit Amount: \$0  
Premium Gift: \$0

Insured: Spouse  
New Benefit Amount: \$0  
New Premium Gift: \$0  
Transferred Benefit Amount: \$0  
Transferred Premium Amount: \$0

### ***Annual Gift Plan***

#### **Current Planned Annual Gifts**

#### **New Planned Annual Gifts**

### ***Lifetime Non-Exclusion Gift Plan***

#### **Current Plan Non-Exclusion Gifts**

Grantor: John Doe  
No gift defined

#### **New Plan Non-Exclusion Gifts**

Grantor: John Doe  
No gift defined

Grantor: Jane Doe  
No gift defined

Grantor: Jane Doe  
No gift defined

### ***Lifetime Charitable Gift Plan***

#### **Current Plan Charitable Gifts**

Gift Amount: \$0  
Start:  
End:  
Suspend at Death?: No

#### **New Plan Charitable Gifts**

Gift Amount: \$0  
Start:  
End:  
Suspend at Death?: No

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