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# A Financial Profile

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Epecially Prepared For:  
Edward and Beatrice Allen

By: Michelle Lee Worden

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# Estate

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# Estate Scenario Comparison

Prepared for

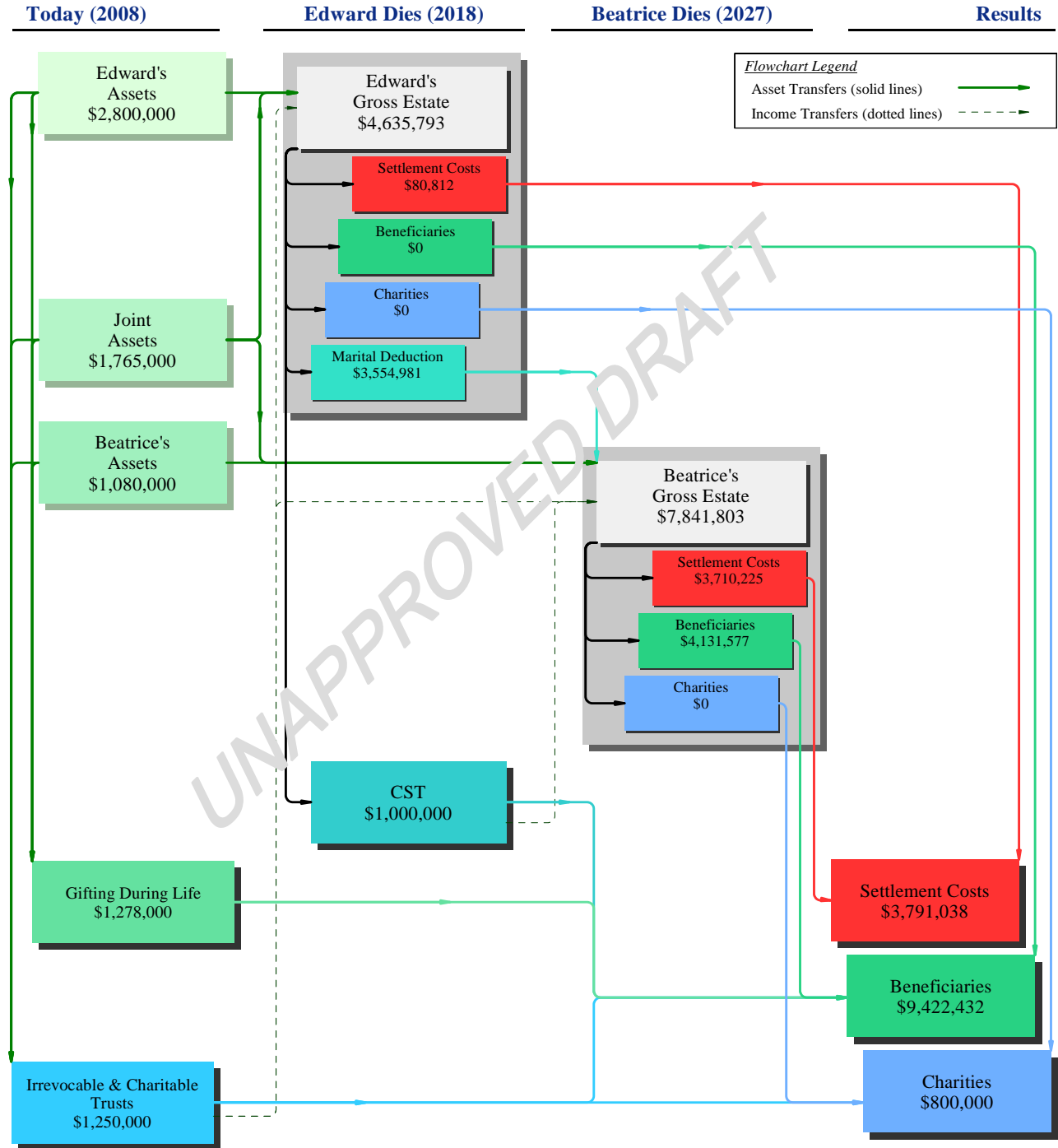
Edward and Beatrice Allen

	Estate Plan 1	Estate Plan 2: Estate Plan 1 plus RLT & CST	Estate Plan 3: Estate Plan 2 plus CLT	Estate Plan 4: Estate Plan 3 plus Gifting & QPRT
<b>General Information</b>				
Designated scenario	Active <sup>1</sup>			
<b>Estate of the first to die</b>				
Name	Edward	Edward	Edward	Edward
Year of first death	2018	2018	2018	2018
Gross estate	\$5,356,878	\$5,356,878	\$6,211,773	\$4,635,793
Settlement costs <sup>2</sup>	\$117,937	\$50,919	\$59,053	\$80,812
Estate taxes	\$0	\$35,169	\$35,169	\$58,636
Assets to beneficiaries	\$0	\$0	\$0	\$0
Assets to charities	\$0	\$0	\$0	\$0
Marital deduction	\$5,238,742	\$4,305,959	\$5,152,720	\$3,554,981
Credit Shelter Trust	\$0	\$1,000,000	\$1,000,000	\$1,000,000
Qualified Terminable Interest Property Trust	\$0	\$0	\$0	\$0
<b>Estate of the second to die</b>				
Name	Beatrice	Beatrice	Beatrice	Beatrice
Year of second death	2027	2027	2027	2027
Gross estate	\$13,189,412	\$12,203,118	\$11,126,032	\$7,841,803
Settlement costs <sup>2</sup>	\$6,871,720	\$6,126,771	\$5,533,766	\$3,710,225
Estate taxes	\$6,464,038	\$6,102,021	\$5,444,994	\$3,642,467
Assets to beneficiaries	\$6,317,692	\$6,076,347	\$5,592,267	\$4,131,577
Assets to charities	\$0	\$0	\$0	\$0
<b>Combined estate results</b>				
Settlement costs <sup>2</sup>	\$6,989,657	\$6,177,691	\$5,592,818	\$3,791,038
Estate taxes	\$6,464,038	\$6,137,191	\$5,480,163	\$3,701,103
Assets to beneficiaries	\$6,317,692	\$7,358,495	\$6,767,613	\$9,422,432
Assets to charities	\$0	\$0	\$800,000	\$800,000

<sup>1</sup>This scenario has been designated as the active scenario. This may impact the results of the survivor analysis and/or retirement analysis

<sup>2</sup>Settlement costs include estate taxes, funeral/final expenses, probate expenses, administration expenses and mortgage/liabilities.

# Estate Plan Flowchart



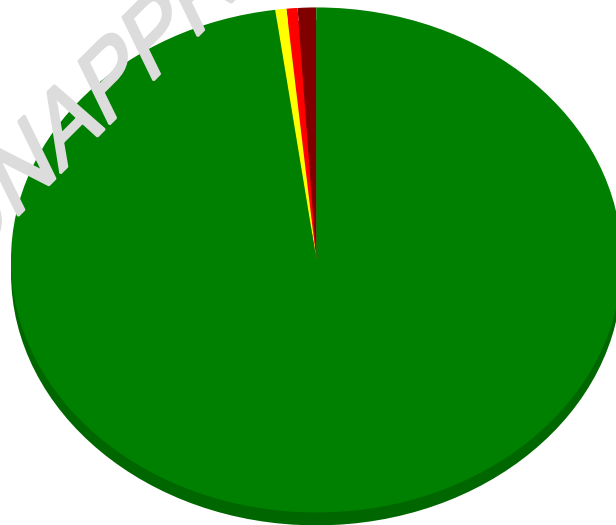
# Estate Tax - Summary

## *Edward Dies First*

***At Edward's death in 2018.***

<i>Gross estate</i>	\$4,635,793
<i>Adjustments to gross estate</i>	
Settlement costs incurred	(\$22,176)
Reductions for allowable tax-free transfers of property	(\$3,554,981)
Adjustments to taxable estate	\$84,379
<i>Minus: adjustments to gross estate total</i>	<u>(\$3,492,779)</u>
<i>Equals: tentative tax base</i>	<u>\$1,143,014</u>
 <i>Estate tax calculations</i>	
Federal estate tax payable	\$22,152
State death tax payable	\$36,484
<i>Total estate tax payable</i>	<u>\$58,636</u>

### Estate Distributions at First Death



- Total Property Transfers
- Settlement Costs
- Federal Estate Taxes
- State Estate Taxes

*Continued...*

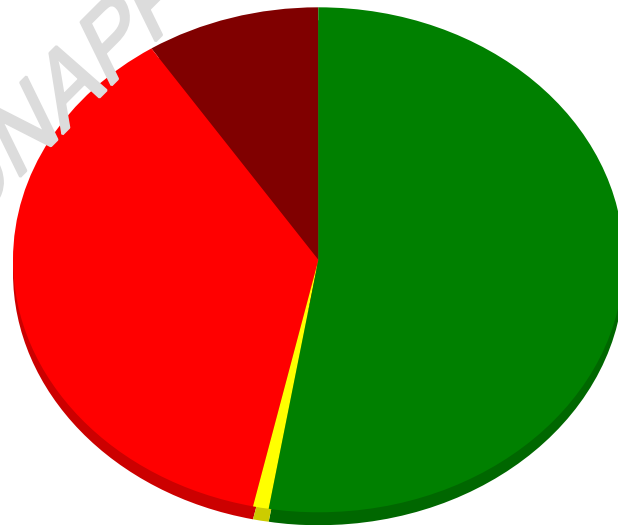
# Estate Tax - Summary

## *Beatrice Dies Second*

***At Beatrice's death in 2027.***

<i>Gross estate</i>	\$7,841,803
<i>Adjustments to gross estate</i>	
Settlement costs incurred	(\$67,759)
Reductions for allowable tax-free transfers of property	\$0
Adjustments to taxable estate	\$130,441
<i>Minus: adjustments to gross estate total</i>	\$62,682
<i>Equals: tentative tax base</i>	\$7,904,485
 <i>Estate tax calculations</i>	
Federal estate tax payable	\$2,899,997
State death tax payable	\$742,470
<i>Total estate tax payable</i>	\$3,642,467

### Estate Distributions at Second Death



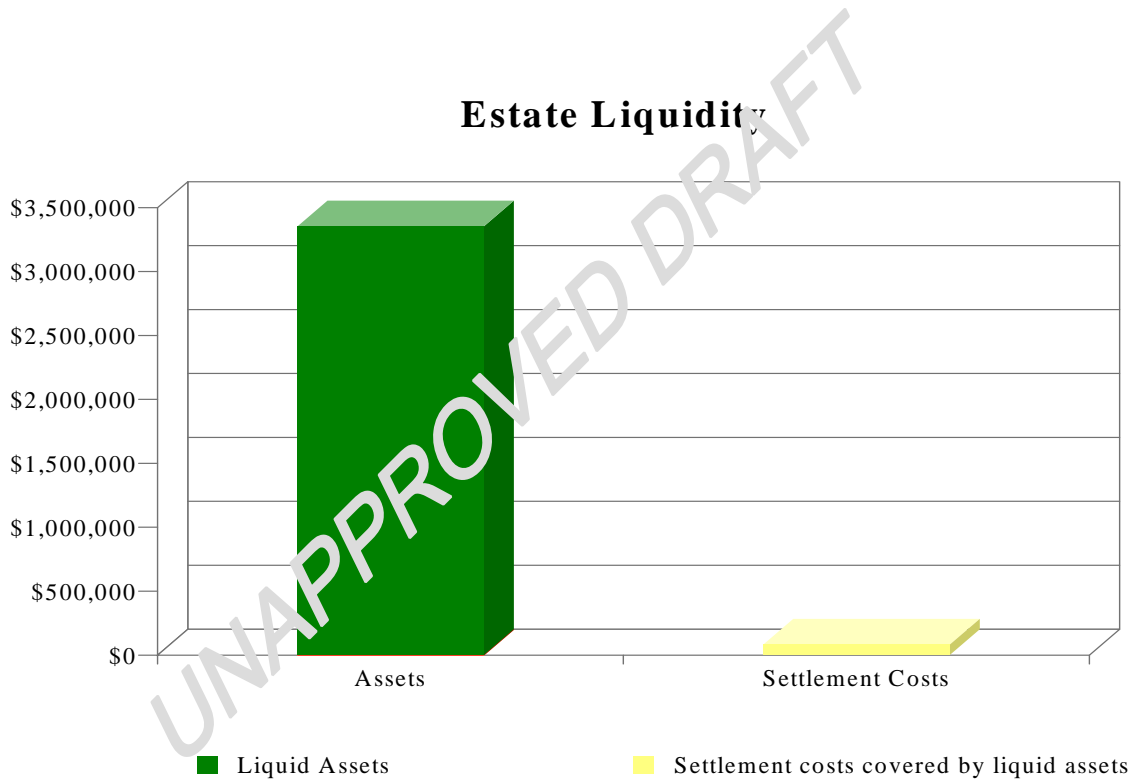
- Total Property Transfers
- Settlement Costs
- Federal Estate Taxes
- State Estate Taxes

# Estate Liquidity Analysis

## *Edward Dies First*

*At Edward's death in 2018*

<i>Liquid Assets</i>	\$3,352,093
<i>Minus: Settlement cost total</i>	<u>(\$80,812)</u>
<i>Equals: Liquidity surplus</i>	<u><u>\$3,271,281</u></u>



*Continued...*

# Estate Liquidity Analysis

## Beatrice Dies Second

*At Beatrice's death in 2027*

*Liquid Assets*

\$7,841,803

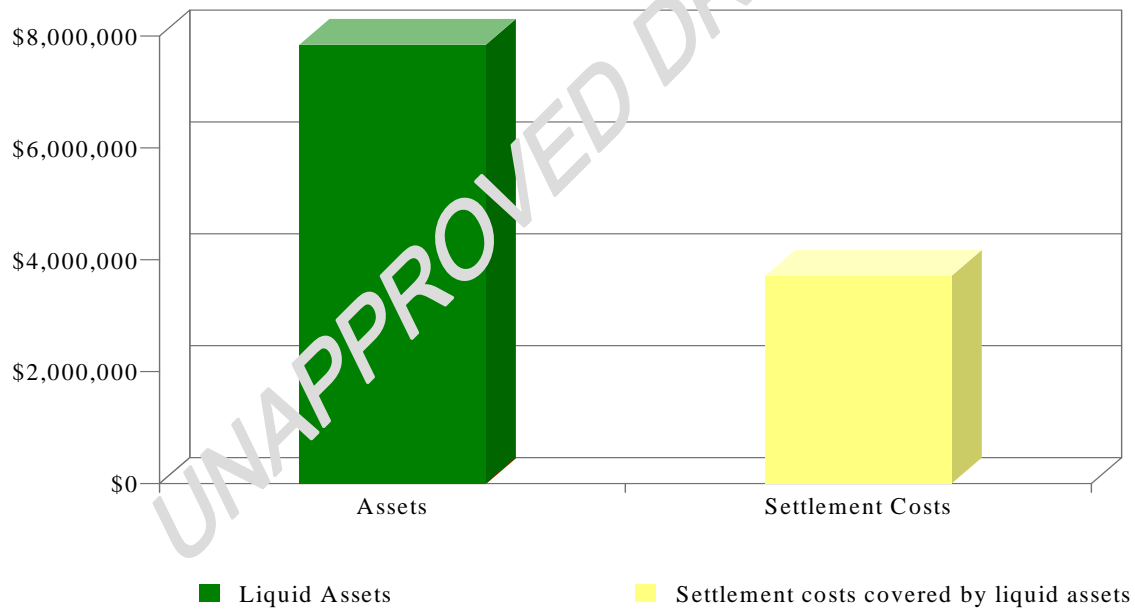
*Minus: Settlement cost total*

(\$3,710,225)

*Equals: Liquidity surplus*

\$4,131,577

### Estate Liquidity



# Credit Shelter Trusts - Summary

## *Edward Dies First*

The information below shows summary data for Adams Shelter Trust.

### **Data and assumptions**

#### *CST information*

Scenario name	Estate Plan 4: Estate Plan 3 plus Gifting & QPRT
CST name	Adams Shelter Trust
Annual income payout percent	4.00%

#### *Funding information*

CST funding objective	User Entered
Desired CST funding amount	\$1,000,000

#### *Trust growth information*

Trust annual rate of return	8.00%
Trust tax rate	15.00%
After-tax rate of return	6.80%

### **CST results**

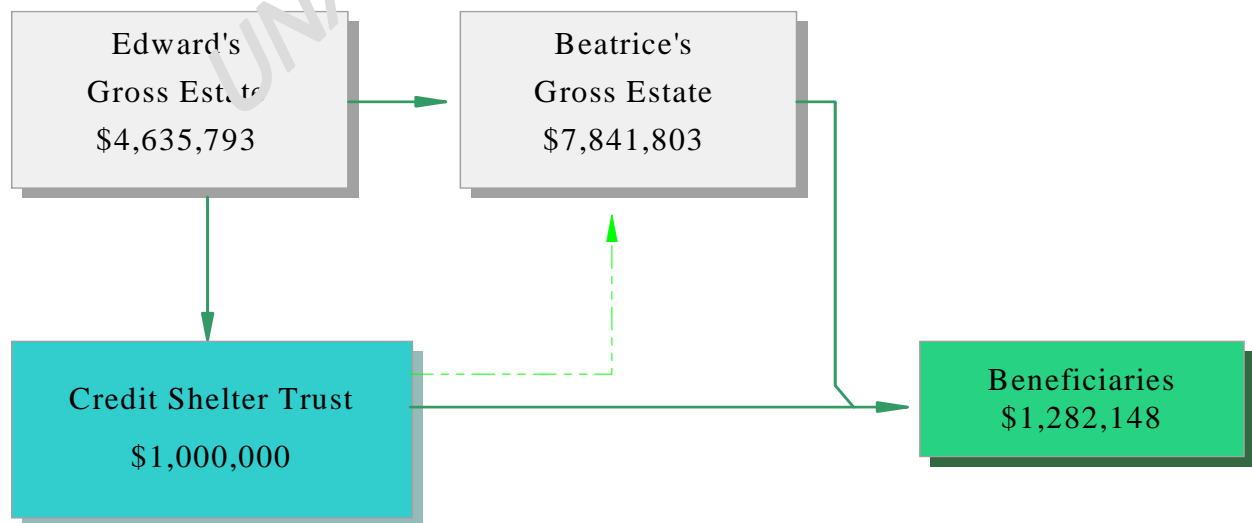
Year trust is funded (year of Edward's death)	2018
Actual amount transferred to CST	\$1,000,000
Total income paid to Beatrice	\$403,068
Amount distributed to beneficiaries at trust termination	\$1,282,148

### **Flowchart**

#### ***At First Death***

#### ***At Second Death***

#### ***Results***



#### **Flowchart Legend**

Asset transfers (solid lines): →  
 Income Transfers (dotted lines): - - - →

# Qualified Personal Residence Trust - Summary

The information below shows summary data for Adams QPRT.

## Data and assumptions

### QPRT information

Scenario name Estate Plan 4: Estate Plan 3 plus Gifting & QPRT  
QPRT name Adams QPRT

### Funding information

Grantor Edward and Beatrice  
Funding date April 8, 2008  
Amount transferred \$450,000

### Trust information

Trust term (years) 18  
Reversion option retained Yes

## Flowchart

### Today

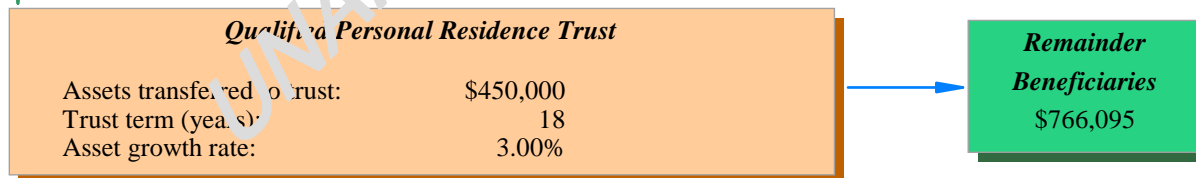
Edward's &  
Beatrice's  
Assets

### At Termination

### Results

#### Flowchart Legend

Asset transfers (solid lines): 



## Residence use and remainder interest analysis

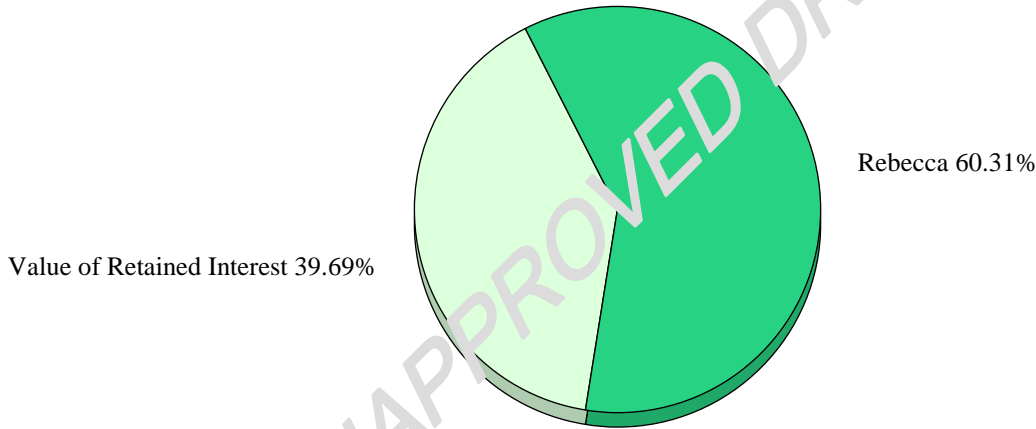
	<u>Dollar amount</u>	<u>Percent</u>
Assets transferred to trust (total interest)	\$450,000	100.00%
Value of residence use during trust term <sup>2</sup>	\$178,596	39.69%
Value of reversion interest <sup>3</sup>	\$102,647	22.81%
Taxable value of ending trust balance <sup>4</sup>	\$168,757	37.50%
Value of gift for gift tax <sup>5</sup> purposes	\$168,757	37.50%

Continued...

***Distributions by beneficiary***

<u>Residence use beneficiaries</u>	<u>Percent of interest</u>	<u>Value</u>		
Edward and Beatrice	100.00%	\$178,596		
<u>Remainder beneficiaries</u>	<u>Percent of interest</u>	<u>Gift tax value</u>	<u>Actual value</u>	<u>Value at Beatrice's death</u>
Rebecca	100.00%	\$168,757	\$766,095	\$789,078
Remainder interest total		\$168,757	\$766,095	\$789,078

***Residence use and remainder interest (taxable gift) analysis***



<sup>1</sup>The *Assumed growth rate* is the rate at which the underlying asset (the residence) increases in value after the asset is distributed to the remainder beneficiaries. This rate equals the growth rate while the residence was held in the QPRT because the growth rate for the residence is used throughout the analysis period.

<sup>2</sup>The *Value of residence use during trust term* equals the value in today's dollars of the right to occupy the residence during the term of the trust.

<sup>3</sup>The *Value of reversion interest* equals the value in today's dollars of the right to reclaim the property transferred to the trust in the event the grantor dies before the trust terminates.

<sup>4</sup>The *Taxable value of ending trust balance* equals the taxable portion of the value that will pass to the remainder beneficiaries at the termination of the QPRT.

<sup>5</sup>The *Value of gift for federal gift tax purposes* equals the value of assets transferred to the trust minus the value of any interests retained by the grantors. Interests retained by the grantors include the use of the residence during the term of the trust, and, optionally, the reversion interest if retained by the grantor(s).

# Charitable Remainder Annuity Trust - Summary

The information below shows summary data for Adams CRAT.

## Data and assumptions

### CRAT information

Scenario name Estate Plan 4: Estate Plan 3 plus Gifting & QPRT  
 CRAT name Adams CRAT

### Funding information

Grantor Beatrice  
 Funding date April 8, 2008  
 Amount transferred \$800,000

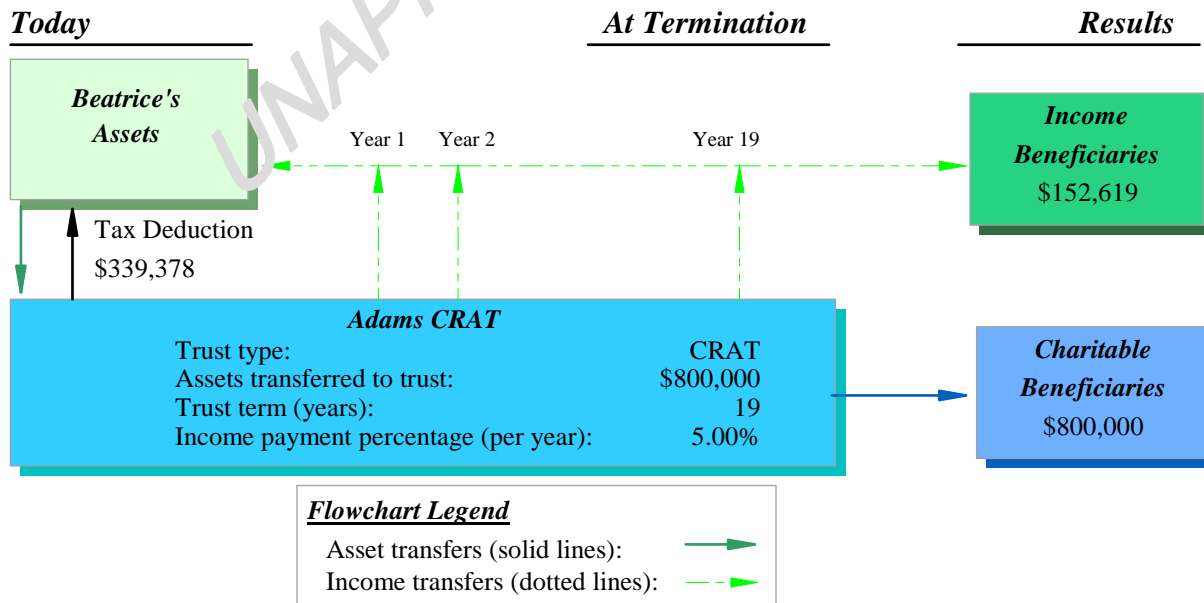
### Trust information

Trust termination event Beatrice's death  
 Trust term (years) 19  
 Assumed trust annual rate of return 5.00%  
 Income payment type Fixed percent  
 Annual income payout percent 5.00%  
 Annual income payment \$40,000

### Applicable Test Results

Passed

## Flowchart



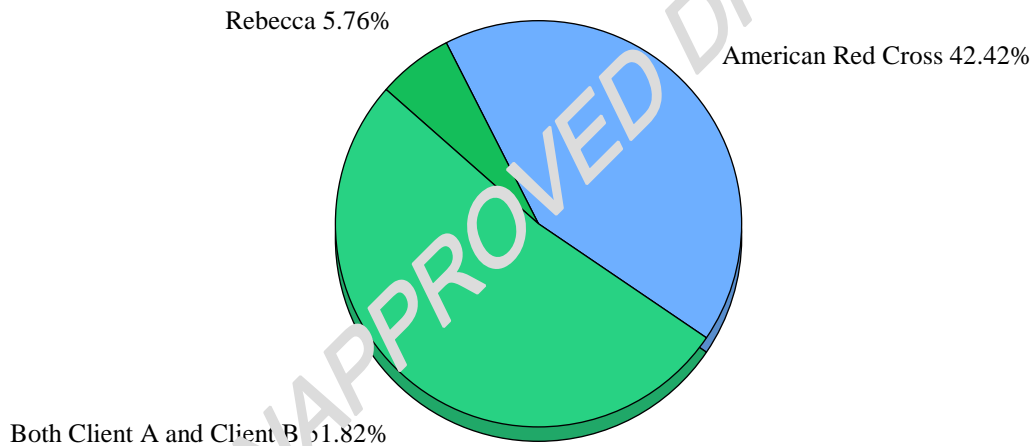
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**CRAT results**

<u>Income beneficiaries</u>	<u>Percent of interest</u>	<u>Value</u>	<u>Actual value</u>	<u>Value at Beatrice's death</u>
Both Client A and Client B	90.00%	\$414,560	\$684,000	N/A
Rebecca	10.00%	\$46,062	\$76,000	\$152,619
Income payments total		\$460,622	\$760,000	\$152,619

<u>Remainder beneficiaries</u>	<u>Percent of interest</u>	<u>Charitable deduction</u>	<u>Actual value</u>	<u>Value at Beatrice's death</u>
American Red Cross	100.00%	\$339,378	\$800,000	\$800,000
Remainder interest total		\$339,378	\$800,000	\$800,000

**Income interest and remainder interest (charitable interest) analysis**



# Revocable Living Trusts - Summary

## *Edward Dies First*

The information below shows summary data for Edward's and Beatrice's RLТ.

### *Data and Assumptions*

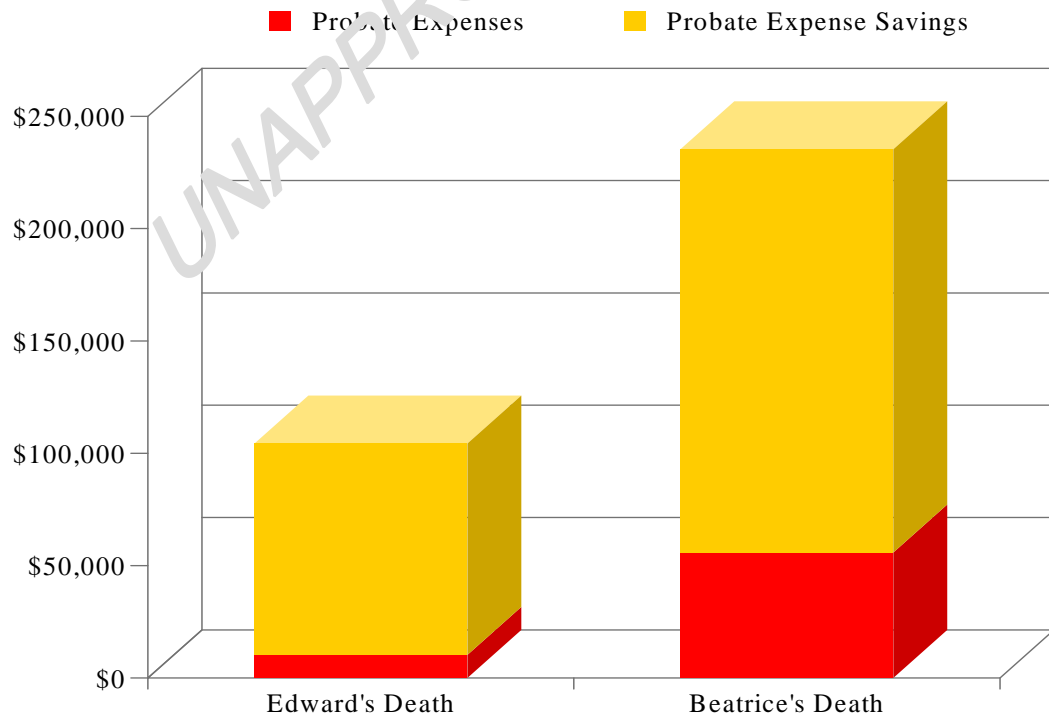
#### *RLT information*

Scenario name	Estate Plan 4: Estate Plan 3 plus Gifting & QPRT
Value of Assets held in RLT today	1,205,000
Probate expense percentage at Edward's Death	3.00%
Probate expense percentage at Beatrice's Death	3.00%

#### *RLT Results*

	Edward's death in 2018	Beatrice's death in 2027
Probate expense without RLT	\$104,313	\$235,254
Probate expense with RLT	\$10,176	\$55,759
Probate expense savings (dollar)	\$94,136	\$179,495
Probate expense savings (percent)	90%	76%

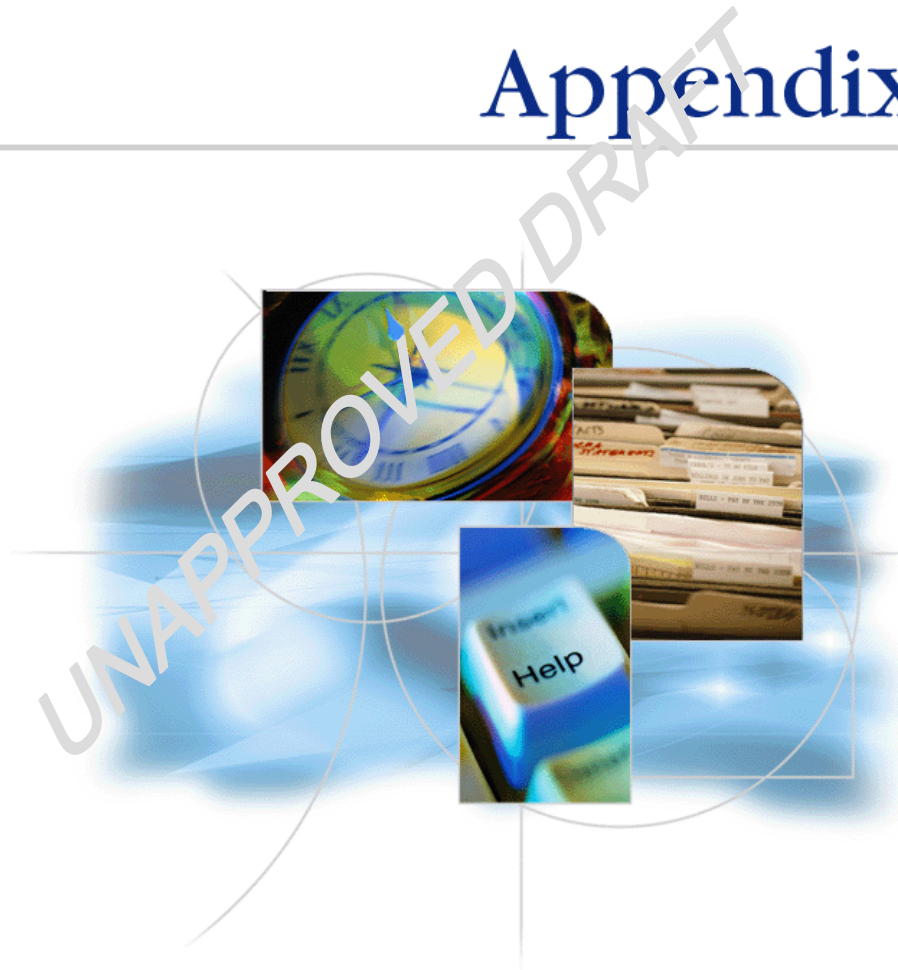
## Probate Expenses at Death



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# Appendix

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# Estate Detailed Timeline

## Cash Flow

Age	Income Needs				Income Sources					Income Surplus/ (Shortage)
	Desired Need	Goals Needs	Qualified Plan Contributions	Total Income Need	Earnings	Social Security	Other Sources	Taxes on Income	Total Income Sources	
70 / 69	\$95,340	\$72,000	\$0	\$167,340	\$0	\$32,940	\$48,000	(\$13,680)	\$67,260	(\$100,080)
71 / 70	98,677	72,000	0	170,677	0	33,764	49,680	(14,108)	69,335	(101,342)
72 / 71	102,131	72,000	0	174,131	0	34,608	51,419	(14,550)	71,476	(102,655)
73 / 72	105,705	78,000	0	183,705	0	35,473	52,218	(15,007)	73,685	(110,021)
74 / 73	109,405	78,000	0	187,405	0	36,360	5,081	(15,478)	75,963	(111,442)
75 / 74	113,234	78,000	0	191,234	0	37,269	5,009	(15,964)	78,314	(112,920)
76 / 75	117,197	84,000	0	201,197	0	38,200	59,004	(16,465)	80,739	(120,458)
77 / 76	121,299	84,000	0	205,299	0	39,155	61,069	(16,983)	83,241	(122,058)
78 / 77	125,545	90,000	0	215,545	0	40,134	63,207	(17,518)	85,823	(129,721)
79 / 78	129,939	90,000	0	219,939	0	41,38	65,419	(18,069)	88,487	(131,451)
-- / 79	91,339	48,000	0	139,339	0	0	0	0	0	(139,339)
-- / 80	94,536	48,000	0	142,536	0	0	0	0	0	(142,536)
-- / 81	97,845	51,000	0	148,845	0	0	0	0	0	(148,845)
-- / 82	101,269	51,000	0	152,269	0	0	0	0	0	(152,269)
-- / 83	104,814	54,000	0	158,814	0	0	0	0	0	(158,814)
-- / 84	108,482	54,000	0	162,482	0	0	0	0	0	(162,482)
-- / 85	112,279	57,000	0	169,279	0	0	0	0	0	(169,279)
-- / 86	116,209	57,000	0	173,209	0	0	0	0	0	(173,209)
-- / 87	120,276	60,000	0	180,276	0	0	0	0	0	(180,276)

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# Estate Detailed Timeline

## Net Worth

Age	Withdrawals			Additions				Balances		
	Income Shortage	Taxes on Withdrawal & Investment Return	Total* Withdrawal	Income Surplus, ER Contrib. & Excess RMD	Lump-Sum Income	Investment Return	Total Additions	Asset Market Value	Deferred Taxes and Liabilities	Estate Net Worth
<b>Beginning Balance:</b>								<b>\$5,645,000</b>	<b>\$0</b>	<b>\$5,645,000</b>
70 / 69	(\$100,080)	(\$44,102)	(\$120,951)	\$29,520	\$0	\$309,666	\$339,186	\$5,863,235	\$0	\$5,863,235
71 / 70	(101,342)	(97,558)	(431,203)	29,520	0	295,967	275,487	5,757,518	0	5,757,518
72 / 71	(102,655)	(51,443)	(153,309)	29,520	0	312,998	342,518	5,946,727	0	5,946,727
73 / 72	(110,021)	(57,393)	(172,215)	29,520	0	322,878	352,398	6,126,910	0	6,126,910
74 / 73	(111,442)	(60,303)	(172,162)	29,520	0	333,886	363,406	6,318,154	0	6,318,154
75 / 74	(112,920)	(64,498)	(177,772)	29,520	0	345,025	374,555	6,514,938	0	6,514,938
76 / 75	(120,458)	(70,397)	(190,790)	29,520	0	355,718	385,301	6,709,449	0	6,709,449
77 / 76	(122,058)	(72,382)	(194,085)	29,520	0	367,728	397,248	6,912,612	0	6,912,612
78 / 77	(129,721)	(49,685)	(180,226)	29,520	0	381,817	415,397	7,147,783	0	7,147,783
79 / 78	(131,451)	(51,760)	(184,620)	29,520	0	400,360	429,880	7,393,043	0	7,393,043
-- / 79	(139,339)	(27,811)	(1,270,885)	62,320	0	464,028	326,348	6,448,506	0	6,448,506
-- / 80	(142,536)	(30,536)	(199,767)	63,238	0	276,603	339,842	6,588,581	0	6,588,581
-- / 81	(148,845)	(31,725)	(173,602)	64,183	0	284,430	348,613	6,763,592	0	6,763,592
-- / 82	(152,269)	(32,741)	(183,268)	65,153	0	292,160	357,313	6,937,638	0	6,937,638
-- / 83	(158,814)	(33,765)	(190,974)	66,151	0	299,909	366,060	7,112,724	0	7,112,724
-- / 84	(162,482)	(34,817)	(195,804)	67,175	0	307,832	375,009	7,291,928	0	7,291,928
-- / 85	(169,279)	(35,860)	(203,771)	68,231	0	315,769	384,000	7,472,157	0	7,472,157
-- / 86	(173,209)	(36,926)	(208,865)	69,311	0	323,879	393,193	7,656,485	0	7,656,485
-- / 87	(180,276)	(37,986)	(217,108)	70,429	0	331,997	402,426	7,841,803	0	7,841,803

\* The Total Withdrawal column may also include other withdrawals that are not a transfer of money within the estate (i.e.; funding a CST at death).

# Estate RMD

## *Required Minimum Distributions*

### *Edward Dies First*

<i>Client A's / Client B's Ages</i>	<i>Capital Balance</i>	<i>Total Total RMD</i>	<i>Income Tax</i>	<i>Edward's IRA</i>		<i>Spousal IRA</i>	
				<i>Capital Balance</i>	<i>RMD</i>	<i>Capital Balance</i>	<i>RMD</i>
70 / 69	\$1,060,000	\$35,584	\$6,405	\$975,000	\$35,584	\$85,000	\$0
71 / 70	1,032,193	38,847	6,992	948,484	35,792	83,709	3,055
72 / 71	689,995	26,880	4,838	635,258	24,815	54,737	2,066
73 / 72	620,479	25,052	4,509	572,300	23,170	48,179	1,882
74 / 73	524,084	21,959	3,953	484,210	20,345	39,374	1,614
75 / 74	418,812	18,237	3,283	387,599	16,926	31,213	1,311
76 / 75	297,417	13,480	2,426	275,688	12,531	21,729	949
77 / 76	149,827	7,049	1,269	139,099	6,561	10,728	488
78 / 77	0	0	0	0	0	0	0
79 / 78	0	0	0	0	0	0	0
-- / 79	0	0	0	0	0	0	0
-- / 80	0	0	0	0	0	0	0
-- / 81	0	0	0	0	0	0	0
-- / 82	0	0	0	0	0	0	0
-- / 83	0	0	0	0	0	0	0
-- / 84	0	0	0	0	0	0	0
-- / 85	0	0	0	0	0	0	0
-- / 86	0	0	0	0	0	0	0
-- / 87	0	0	0	0	0	0	0

UNAPPROVED DRAFT

# Gross Estate

## *Edward Dies First*

*At Edward's death in 2018*

<i>Assets</i>	<i>Included in Gross Estate</i>	
Individually-owned assets		
Edward's Investment Account		\$3,352,093
Vintage Jaguar		<u>\$125,000</u>
	<i>Subtotal</i>	\$3,477,093
Assets held as joint property		
Checking Account	\$29,520	\$14,760
Cash Management Account	\$375,180	\$187,590
Home Furnishings	\$300,000	\$150,000
Home	\$1,612,700	<u>\$806,350</u>
	<i>Subtotal</i>	\$1,158,700
<i>Edward's gross estate</i>		<u>\$4,635,793</u>

UNAPPROVED DRAFT

*Continued...*

# Gross Estate

## *Beatrice Dies Second*

*At Beatrice's death in 2027*

<i>Assets</i>		<i>Included in Gross Estate</i>	
Beatrice's individually-owned assets (includes assets received at Edward's death)			
Checking Account		\$70,429	
Beatrice's Investment Account		\$1,736,281	
Cash Management Account		\$405,840	
Edward's Investment Account		\$3,100,045	
Vintage Jaguar		\$125,000	
Home Furnishings		\$300,000	
Home		<u>\$2,104,207</u>	
	<i>Subtotal</i>		<u>\$7,841,803</u>
<i>Beatrice's gross estate</i>			<u>\$7,841,803</u>

UNAPPROVED DRAFT

# Estate Tax - Details

## Edward Dies First

At Edward's death in 2018

<b>Gross estate</b>				\$4,635,793
<i>Minus: settlement costs incurred</i>	<i>Fixed amount</i>	<i>Percent</i>	<i>Base</i>	<i>Total</i>
Funeral/final expenses				\$12,000
Probate expenses		3.00%	\$339,214	\$10,176
Administration expenses	\$0	0.00%	\$4,635,793	\$0
Deductible portion of mortgages/liabilities				\$0
<i>Subtotal</i>				\$22,176
				<b>(\$22,176)</b>
<b>Equals: adjusted gross estate</b>				<b>\$4,613,617</b>
<i>Minus: reductions for allowable tax-free transfers of property</i>				
Assets transferred to spouse (marital deduction)				\$3,554,981
Qualified family-owned business interest (QFOBI deduction)				\$0
Assets transferred to charity (charitable deduction)				\$0
<i>Subtotal</i>				\$3,554,981
				<b>(\$3,554,981)</b>
<b>Equals: taxable estate</b>				<b>\$1,058,636</b>
<i>Plus: adjustments to taxable estate</i>				
Adjusted taxable gifts				\$84,379
Portion of gift taxes paid within three years of death				\$0
Ownership of life insurance policies transferred and retained interests relinquished within three years of death				\$0
<i>Subtotal</i>				\$84,379
				<b>\$84,379</b>
<b>Equals: tentative tax base</b>				<b>\$1,143,014</b>
<i>Estate tax calculations</i>				
<i>Federal estate tax</i>				
Federal estate tax law to apply				Sunset
Tentative federal estate tax (from tentative tax base)				\$404,436
Minus: federal estate tax credits				
Total gift taxes already paid on above gifts			\$0	
Applicable federal estate tax credit			\$345,800	
State death tax paid			\$36,484	
Other federal estate tax credits			\$0	
<i>Subtotal</i>			\$382,284	
				<b>(\$382,284)</b>
<b>Federal estate tax payable</b>				<b>\$22,152</b>
<b>\$22,152</b>				<b>\$22,152</b>
<i>State death tax</i>				
State death tax law to apply				State Freeze
State freeze year				2002
State death tax amount at first death				\$36,484
<i>Subtotal</i>				\$36,484
<b>State death tax payable</b>				<b>\$36,484</b>
<b>\$36,484</b>				<b>\$36,484</b>
<b>Equals: total estate tax payable</b>				<b>\$58,636</b>
				<b>\$58,636</b>

Continued...

# Estate Tax - Details

## Beatrice Dies Second

At Beatrice's death in 2027

<b>Gross estate</b>				\$7,841,803
	<i>Fixed</i>			
<i>Minus: settlement costs incurred</i>	<u>amount</u>	<u>Percent</u>	<u>Base</u>	<u>Total</u>
Funeral/final expenses				\$12,000
Probate expenses		3.00%	\$1,858,626	\$55,759
Administration expenses	\$0	0.00%	\$7,841,803	\$0
Deductible portion of mortgages/liabilities				\$0
<i>Subtotal</i>				\$67,759
				<b>(\$67,759)</b>
<b>Equals: adjusted gross estate</b>				<b>\$7,774,044</b>
<i>Minus: reductions for allowable tax-free transfers of property</i>				
Qualified family-owned business interest (QFOBI deduction)				\$0
Assets transferred to charity (charitable deduction)				\$0
<i>Subtotal</i>				\$0
				<b>\$0</b>
<b>Equals: taxable estate</b>				<b>\$7,774,044</b>
<i>Plus: adjustments to taxable estate</i>				
Adjusted taxable gifts				\$130,441
Portion of gift taxes paid within three years of death				\$0
Ownership of life insurance policies transferred and no retained interests relinquished within three years of death				\$0
<i>Subtotal</i>				\$130,441
				<b>\$130,441</b>
<b>Equals: tentative tax base</b>				<b>\$7,904,485</b>
<i>Estate tax calculations</i>				
<i>Federal estate tax</i>				
Federal estate tax law to apply				Sunset
Tentative federal estate tax (from tentative tax base)				\$3,988,267
Minus: federal estate tax credits				
Total gift taxes already paid on above gifts			\$0	
Applicable federal estate tax credit			\$345,800	
State death tax paid			\$742,470	
Other federal estate tax credits			\$0	
<i>Subtotal</i>			\$1,088,270	<b>(\$1,088,270)</b>
<b>Federal estate tax payable</b>				<b>\$2,899,997</b>
<b>\$2,899,997</b>				<b>\$2,899,997</b>
<i>State death tax</i>				
State death tax law to apply				State Freeze
State freeze year				2002
State death tax amount at second death				\$742,470
<b>State death tax payable</b>				<b>\$742,470</b>
<b>\$742,470</b>				<b>\$742,470</b>
<b>Equals: total estate tax payable</b>				<b>\$3,642,467</b>
<b>\$3,642,467</b>				<b>\$3,642,467</b>

# Gift Tax Timeline - Edward

## Federal Gift Tax Calculations

<i>Year</i>	<i>Edward's Age</i>	<i>Total Gifts</i>	<i>Taxable portion of gifts</i>	<i>Tentative tax on gifts</i>	<i>Available Federal Credit</i>	<i>Federal credit used</i>	<i>Federal gift tax</i>
2008	70	\$120,379	\$84,379	\$19,426	\$345,800	\$19,426	\$0
2009	71	36,000	0	0	326,374	0	0
2010	72	36,000	0	0	311,374	0	0
2011	73	39,000	0	0	326,374	0	0
2012	74	39,000	0	0	326,374	0	0
2013	75	39,000	0	0	326,374	0	0
2014	76	42,000	0	0	326,374	0	0
2015	77	42,000	0	0	326,374	0	0
2016	78	45,000	0	0	326,374	0	0
2017	79	45,000	0	0	326,374	0	0

UNAPPROVED DRAFT

# Gift Tax Timeline - Beatrice

## Federal Gift Tax Calculations

<i>Year</i>	<i>Beatrice's Age</i>	<i>Total Gifts</i>	<i>Taxable portion of gifts</i>	<i>Tentative tax on gifts</i>	<i>Available Federal Credit</i>	<i>Federal credit used</i>	<i>Federal gift tax</i>
2008	69	\$166,441	\$130,441	\$32,932	\$345,800	\$32,932	\$0
2009	70	36,000	0	0	312,868	0	0
2010	71	36,000	0	0	297,868	0	0
2011	72	39,000	0	0	312,868	0	0
2012	73	39,000	0	0	312,868	0	0
2013	74	39,000	0	0	312,868	0	0
2014	75	42,000	0	0	312,868	0	0
2015	76	42,000	0	0	312,868	0	0
2016	77	45,000	0	0	312,868	0	0
2017	78	45,000	0	0	312,868	0	0
2018	79	48,000	0	0	312,868	0	0
2019	80	48,000	0	0	312,868	0	0
2020	81	51,000	0	0	312,868	0	0
2021	82	51,000	0	0	312,868	0	0
2022	83	54,000	0	0	312,868	0	0
2023	84	54,000	0	0	312,868	0	0
2024	85	57,000	0	0	312,868	0	0
2025	86	57,000	0	0	312,868	0	0
2026	87	60,000	0	0	312,868	0	0

UNAPPROVED DRAFT

# Generation-skipping Transfer Tax

## *Edward Dies First*

### *Edward's GSTT exemption use*

<i>Type of use</i>	<i>Effective year</i>	<i>Value</i>
GSTT exemption already used	2008	\$0

### *Transfers to skip persons† from estate planning tools*

<i>Skip person</i>	<i>Tool type</i>	<i>Effective year</i>	<i>Value</i>
Conner	Gift	2008	\$12,000
Conner	Gift	2009	\$12,000
Conner	Gift	2010	\$12,000
Conner	Gift	2011	\$13,000
Conner	Gift	2012	\$13,000
Conner	Gift	2013	\$13,000
Conner	Gift	2014	\$14,000
Conner	Gift	2015	\$14,000
Conner	Gift	2016	\$15,000
Conner	Gift	2017	\$15,000
Ashley	Gift	2008	\$12,000
Ashley	Gift	2009	\$12,000
Ashley	Gift	2010	\$12,000
Ashley	Gift	2011	\$13,000
Ashley	Gift	2012	\$13,000
Ashley	Gift	2013	\$13,000
Ashley	Gift	2014	\$14,000
Ashley	Gift	2015	\$14,000
Ashley	Gift	2016	\$15,000
Ashley	Gift	2017	\$15,000
<i>Total</i>			\$266,000

### *Generation-skipping transfer tax timeline\**

<i>Year</i>	<i>Edward's Age</i>	<i>Maximum GSTT exemption for year</i>	<i>Total transfers subject to GSTT</i>	<i>Available (unused) GSTT exemption</i>	<i>GSTT exemption used</i>	<i>GSTT payable</i>
2008	70	\$2,000,000	\$24,000	\$2,000,000	\$24,000	\$0
2009	71	\$3,500,000	\$24,000	\$3,476,000	\$24,000	\$0
2010	72	\$0	\$24,000	\$0	\$0	\$0
2011	73	\$1,270,000	\$26,000	\$1,222,000	\$26,000	\$0
2012	74	\$1,310,000	\$26,000	\$1,236,000	\$26,000	\$0
2013	75	\$1,350,000	\$26,000	\$1,250,000	\$26,000	\$0
2014	76	\$1,390,000	\$28,000	\$1,264,000	\$28,000	\$0
2015	77	\$1,430,000	\$28,000	\$1,276,000	\$28,000	\$0
2016	78	\$1,480,000	\$30,000	\$1,298,000	\$30,000	\$0
2017	79	\$1,520,000	\$30,000	\$1,308,000	\$30,000	\$0
2018	--	\$1,570,000	\$0	\$1,328,000	\$0	\$0

*Continued...*

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†**Skip persons:** a 'skip person' is defined as any person who is assigned to a generation that is two or more generations below that of the transferor (grantor). For example, the grandchildren and great-grandchildren of the transferor are skip persons. Also considered skip persons are those who are unrelated to the transferor and at least 37½ years younger than the transferor. Only transfers involving skip persons are subject to generation-skipping.

\***Generation-skipping transfers:** The generation-skipping transfer tax timeline includes only those transfers made to skip persons via estate-planning tools. The calculations currently do not include generation-skipping transfer tax on assets passing directly from the estate to specific skip person beneficiaries.

UNAPPROVED DRAFT

# Generation-skipping Transfer Tax

## *Beatrice Dies Second*

*Beatrice's GSTT exemption use*

<i>Type of use</i>	<i>Effective year</i>	<i>Value</i>
GSTT exemption already used	2008	\$0

*Transfers to skip persons<sup>†</sup> from estate planning tools*

<i>Skip person</i>	<i>Tool type</i>	<i>Effective year</i>	<i>Value</i>
Conner	Gift	2008	\$12,000
Conner	Gift	2009	\$12,000
Conner	Gift	2010	\$12,000
Conner	Gift	2011	\$13,000
Conner	Gift	2012	\$13,000
Conner	Gift	2013	\$13,000
Conner	Gift	2014	\$14,000
Conner	Gift	2015	\$14,000
Conner	Gift	2016	\$15,000
Conner	Gift	2017	\$15,000
Conner	Gift	2018	\$16,000
Conner	Gift	2019	\$16,000
Conner	Gift	2020	\$17,000
Conner	Gift	2021	\$17,000
Conner	Gift	2022	\$18,000
Conner	Gift	2023	\$18,000
Conner	Gift	2024	\$19,000
Conner	Gift	2025	\$19,000
Conner	Gift	2026	\$20,000
Ashley	Gift	2008	\$12,000
Ashley	Gift	2009	\$12,000
Ashley	Gift	2010	\$12,000
Ashley	Gift	2011	\$13,000
Ashley	Gift	2012	\$13,000
Ashley	Gift	2013	\$13,000
Ashley	Gift	2014	\$14,000
Ashley	Gift	2015	\$14,000
Ashley	Gift	2016	\$15,000
Ashley	Gift	2017	\$15,000
Ashley	Gift	2018	\$16,000
Ashley	Gift	2019	\$16,000
Ashley	Gift	2020	\$17,000
Ashley	Gift	2021	\$17,000
Ashley	Gift	2022	\$18,000
Ashley	Gift	2023	\$18,000
Ashley	Gift	2024	\$19,000
Ashley	Gift	2025	\$19,000
Ashley	Gift	2026	<u>\$20,000</u>
<i>Total</i>			\$586,000

*Continued...*

## Generation-skipping transfer tax timeline\*

<i>Year</i>	<i>Beatrice's Age</i>	<i>Maximum GSTT exemption for year</i>	<i>Total transfers subject to GSTT</i>	<i>Available (unused) GSTT exemption</i>	<i>GSTT exemption used</i>	<i>GSTT payable</i>
2008	69	\$2,000,000	\$24,000	\$2,000,000	\$24,000	\$0
2009	70	\$3,500,000	\$24,000	\$3,476,000	\$24,000	\$0
2010	71	\$0	\$24,000	\$0	\$0	\$0
2011	72	\$1,270,000	\$26,000	\$1,222,000	\$26,000	\$0
2012	73	\$1,310,000	\$26,000	\$1,236,000	\$26,000	\$0
2013	74	\$1,350,000	\$26,000	\$1,250,000	\$26,000	\$0
2014	75	\$1,390,000	\$28,000	\$1,264,000	\$28,000	\$0
2015	76	\$1,430,000	\$28,000	\$1,276,000	\$28,000	\$0
2016	77	\$1,480,000	\$30,000	\$1,298,000	\$30,000	\$0
2017	78	\$1,520,000	\$30,000	\$1,298,000	\$30,000	\$0
2018	79	\$1,570,000	\$32,000	\$1,328,000	\$32,000	\$0
2019	80	\$1,610,000	\$32,000	\$1,336,000	\$32,000	\$0
2020	81	\$1,660,000	\$34,000	\$1,354,000	\$34,000	\$0
2021	82	\$1,710,000	\$34,000	\$1,370,000	\$34,000	\$0
2022	83	\$1,760,000	\$36,000	\$1,386,000	\$36,000	\$0
2023	84	\$1,820,000	\$36,000	\$1,410,000	\$36,000	\$0
2024	85	\$1,870,000	\$38,000	\$1,424,000	\$38,000	\$0
2025	86	\$1,930,000	\$38,000	\$1,446,000	\$38,000	\$0
2026	87	\$1,990,000	\$40,000	\$1,468,000	\$40,000	\$0
2027	--	\$2,050,000	\$0	\$1,488,000	\$0	\$0

†**Skip persons:** a 'skip person' is defined as any person who is assigned to a generation that is two or more generations below that of the transferor (grantor). For example, the grandchildren and great-grandchildren of the transferor are skip persons. Also considered skip persons are those who are unrelated to the transferor and at least 37½ years younger than the transferor. Only transfers involving skip persons are subject to generation-skipping.

\***Generation-skipping transfers:** The generation-skipping transfer tax timeline includes only those transfers made to skip persons via estate-planning tools. The calculations currently do not include generation-skipping transfer tax on assets passing directly from the estate to specific skip person beneficiaries.