

FAMILY WEALTH GOAL ACHIEVER™ - INITIAL

PREPARED FOR:

GERALD AND EILEEN FITZSIMMONS

February 18, 2009

Flip-CRT

PLAN FOR DISCUSSION PURPOSES ONLY

PRESENTED BY

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YOUR GOALS AND OBJECTIVES

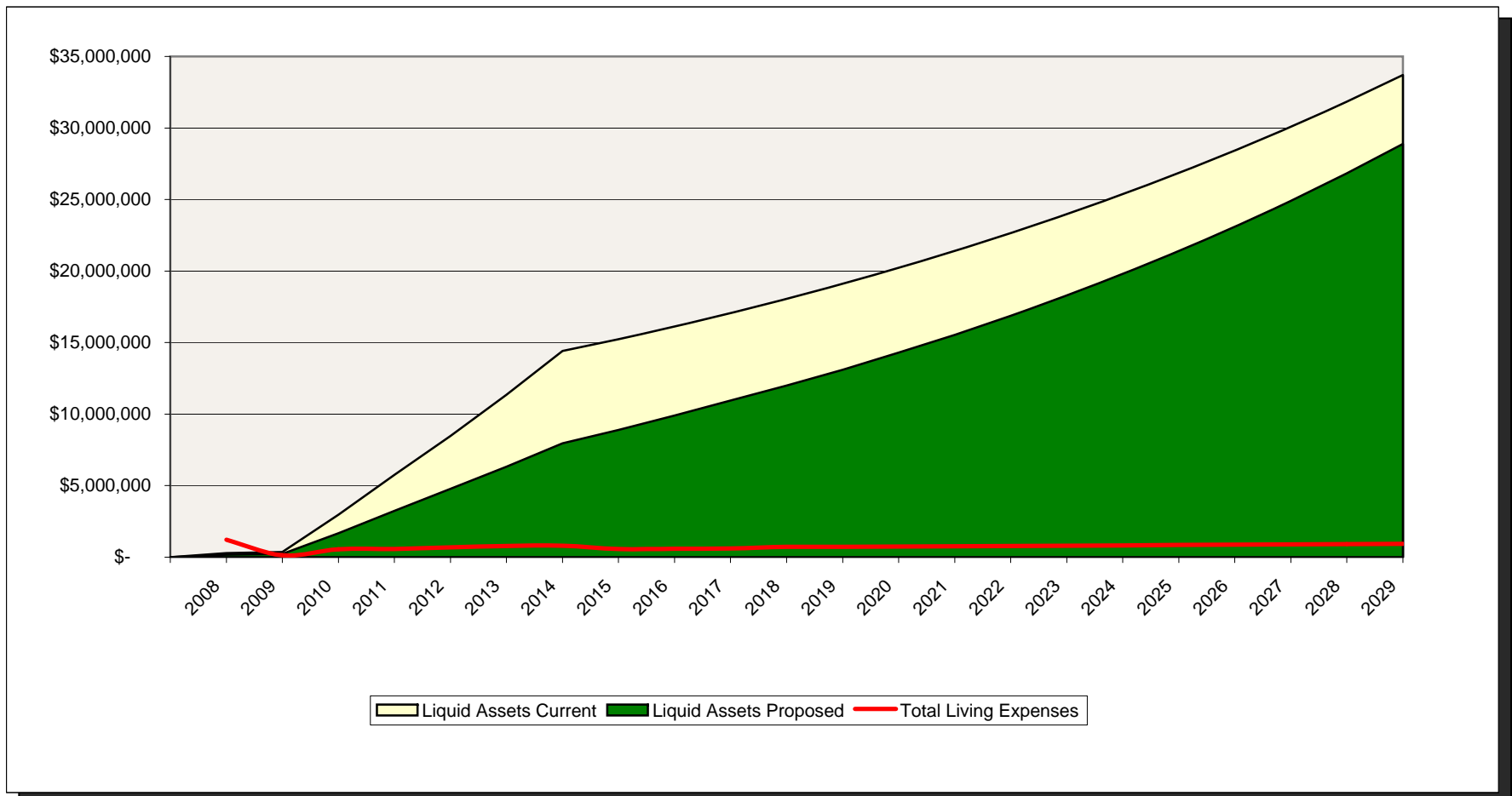
GERALD AND EILEEN FITZSIMMONS

- ✧ Maintain our customary lifestyle. This should take about \$90,000 annually after taxes and gifts.
- ✧ Provide for the financial security of the surviving spouse.
- ✧ Maintain adequate liquidity for emergencies and investment opportunities. We prefer to keep at least \$1,000,000 in cash and readily marketable securities.
- ✧ We would like to leave the interests in the commercial properties to our children for them to receive income from these properties, but not have the power to sell them off.
- ✧ Provide for a charitable gift of 85% of our estate.
- ✧ Reduce income taxes.
- ✧ Eliminate or reduce estate taxes.

LIFETIME SPENDING
AND LIQUIDITY

YOUR LIQUID ASSETS - CURRENT PLAN VS. PROPOSED PLAN

GERALD AND EILEEN FITZSIMMONS



Most of our clients want to know that they have sufficient income and liquid assets to pay for their living expenses for the rest of their lives. This chart assumes full implementation of the proposed plan and shows your liquid assets over the next 20 years compared with liquid assets if you left your current planning in place. Liquid assets include cash, stocks, bonds, annuities and qualified retirement accounts but do not include any other assets you might own such as promissory notes, businesses or real estate.

GERALD AND EILEEN FITZSIMMONS

INCOME TAX SAVINGS

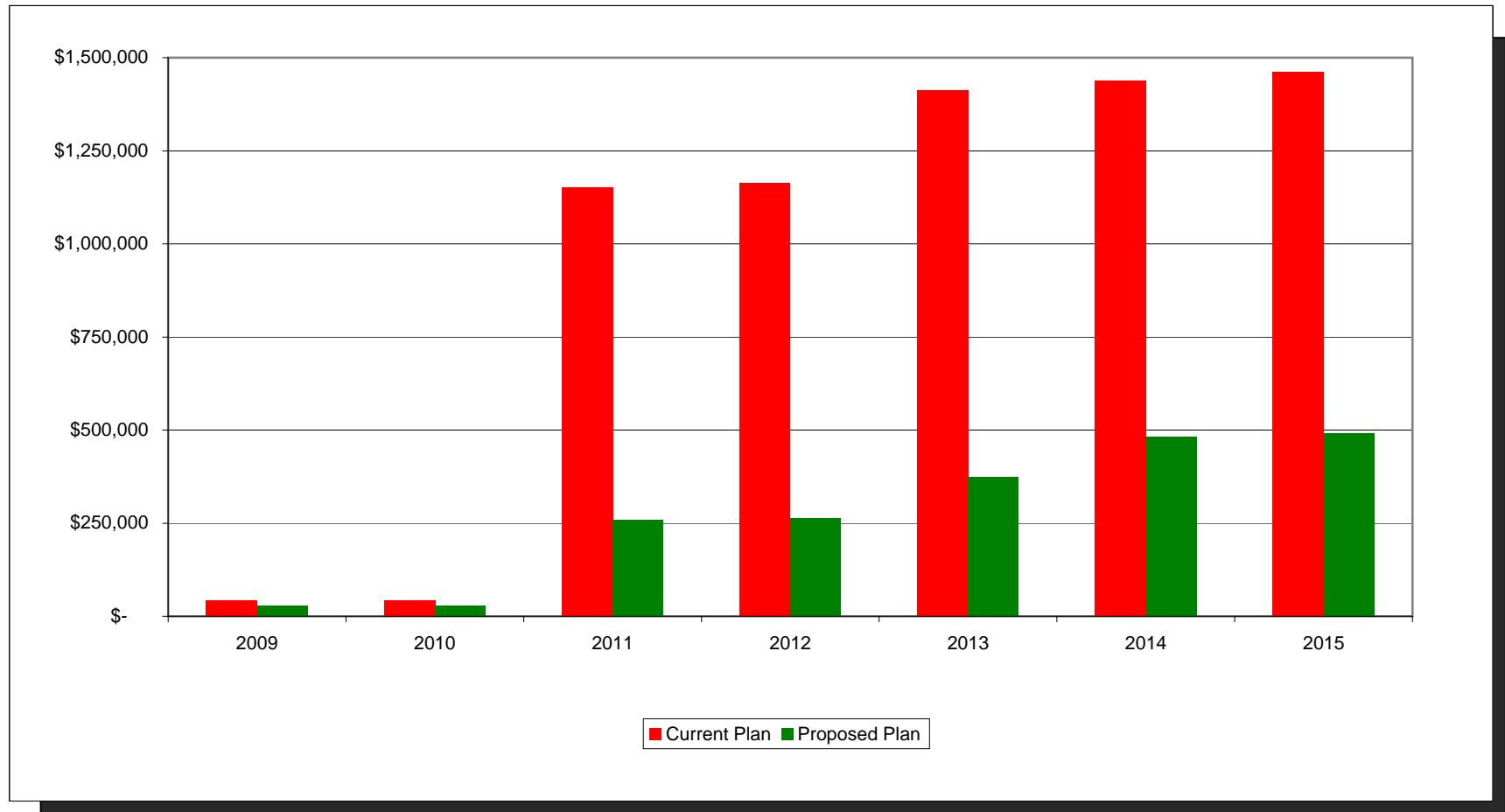
COMPARISON OF INCOME TAX RESULTS - PLAN YEAR 2009

GERALD AND EILEEN FITZSIMMONS

	Existing Plan		Proposed Plan		Income Tax Saved
2009 Estimated Income Tax	\$	42,000	\$	28,000	\$ 14,000
2010 Estimated Income Tax	\$	44,000	\$	29,000	\$ 15,000
2011 Estimated Income Tax	\$	1,153,000	\$	258,000	\$ 895,000
2012 Estimated Income Tax	\$	1,163,000	\$	262,000	\$ 901,000
2013 Estimated Income Tax	\$	1,413,000	\$	373,000	\$ 1,040,000
2014 Estimated Income Tax	\$	1,437,000	\$	482,000	\$ 955,000
2015 Estimated Income Tax	\$	1,463,000	\$	492,000	\$ 971,000
7 Year Estimated Income Tax Savings					\$ 4,791,000

INCOME TAXES PAID - CURRENT VS. PROPOSED

GERALD AND EILEEN FITZSIMMONS



This chart compares the amount of income taxes paid in the current plan as against the proposed plan.

INCREASE INHERITANCE
AND REDUCE ESTATE TAX

COMPARISON OF PLAN RESULTS - PLAN YEAR 2009

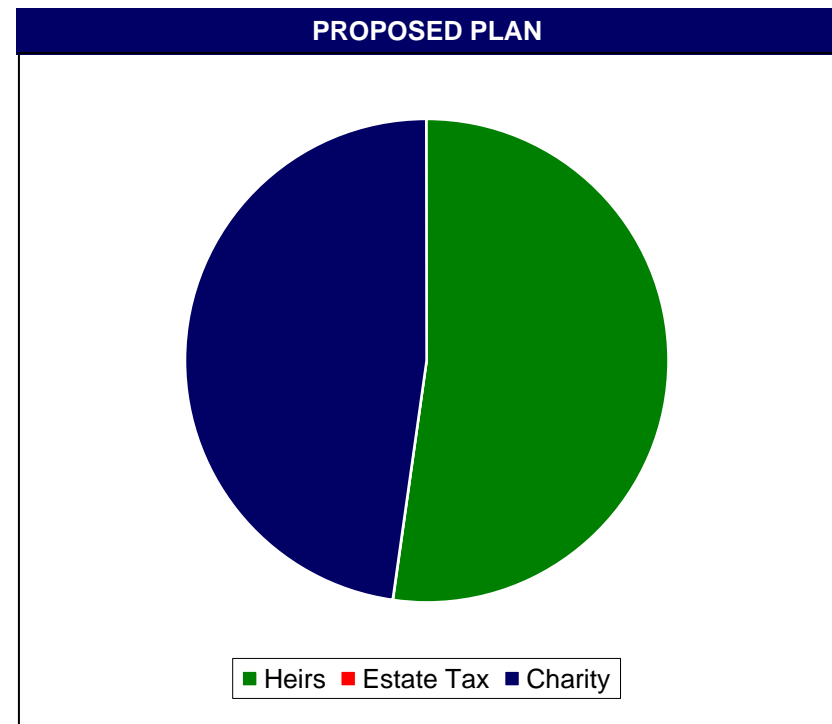
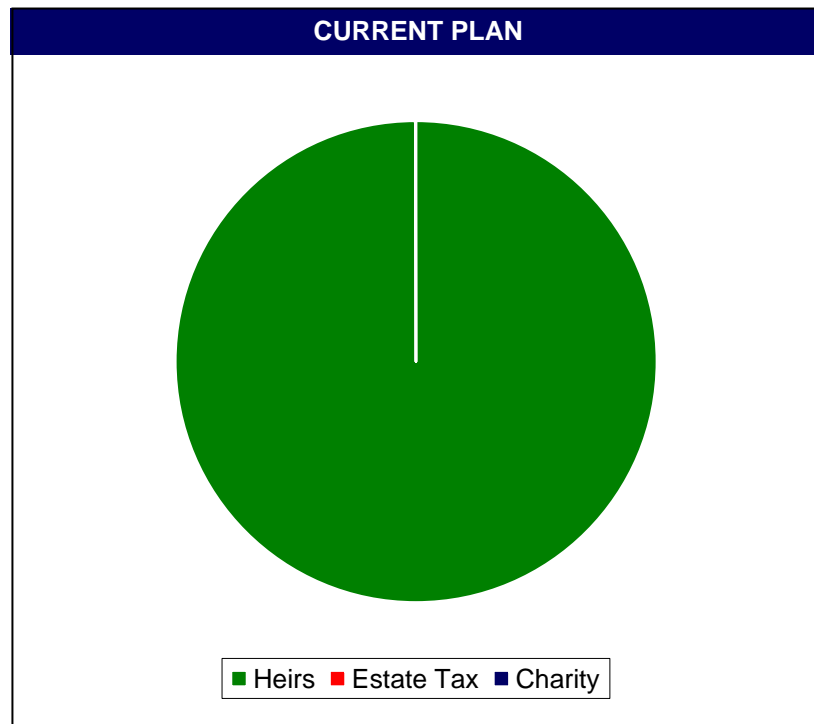
GERALD AND EILEEN FITZSIMMONS

	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 3,742,445	\$ 1,647,085	
Heirs Receive Immediately	\$ 3,670,494	\$ 11,866,287	\$ 8,195,793
Total Benefits to Family	\$ 3,670,494	\$ 11,866,287	\$ 8,195,793
Family Charity	\$ -	\$ 10,797,730	\$ 10,797,730

This chart assumes that you both die this year and compares the results of the current plan with the proposed plan.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2009

GERALD AND EILEEN FITZSIMMONS



Heirs	\$3,670,494
Estate Tax	\$0
Charity	\$0

Heirs	\$11,866,287
Estate Tax	\$0
Charity	\$10,797,730

In the current plan, a portion of the benefit to heirs is qualified plan money. Withdrawals from these plans will be treated as ordinary income.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2029

GERALD AND EILEEN FITZSIMMONS

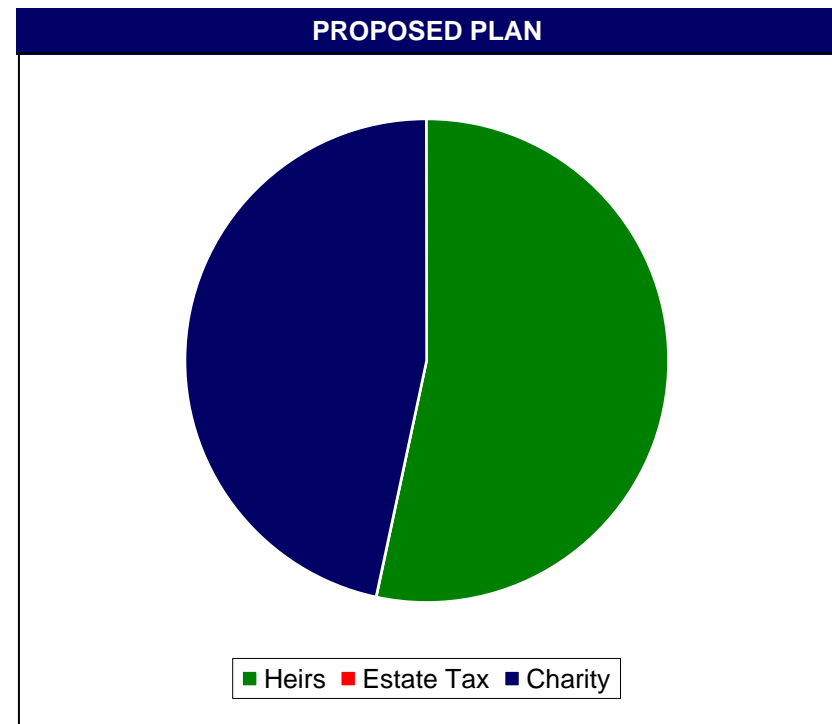
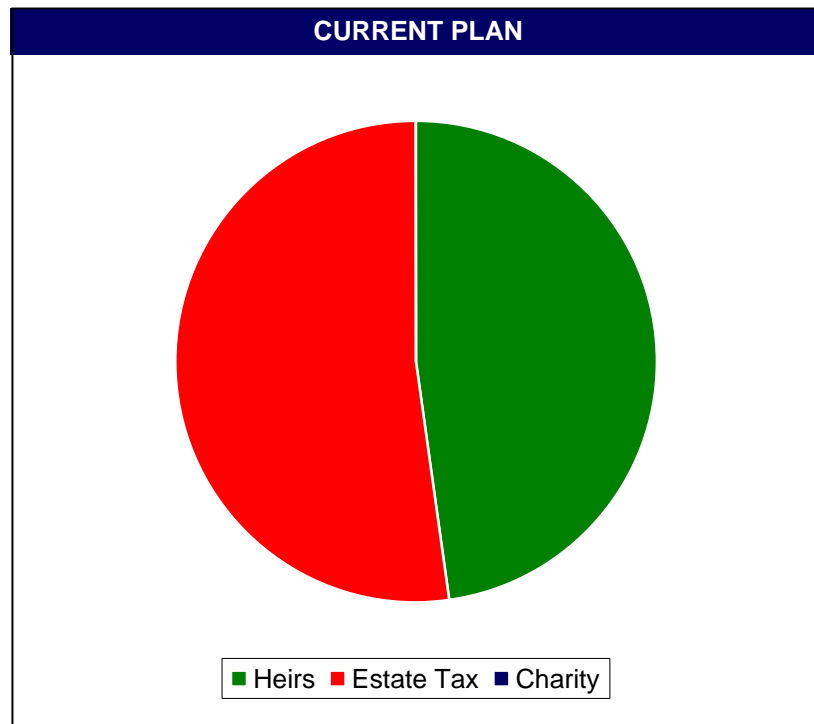
	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 33,818,998	\$ 27,817,760	
Heirs Receive Immediately	\$ 15,873,067	\$ 12,963,587	\$ (2,909,479)
Heirs Receive Benefits from TCLAT	\$ -	\$ 37,262,904	\$ 37,262,904
Total Benefits to Family	\$ 15,873,067	\$ 50,226,491	\$ 34,353,424
Family Charity	\$ -	\$ 43,955,940	\$ 43,955,940
Estate and Income Tax	\$ 17,409,748	\$ -	\$ 17,409,748
Present Value of total to Heirs	\$8,788,532	\$27,809,190	
Discount rate for PV calculation	3.00%		

This chart assumes that you both die at life expectancy and compares the results of the current plan with the proposed plan.

The present value of the total passing to heirs is our attempt to put inheritance into today's dollars to provide perspective.
We are using an inflation rate of 3% to calculate the present value numbers.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2029

GERALD AND EILEEN FITZSIMMONS



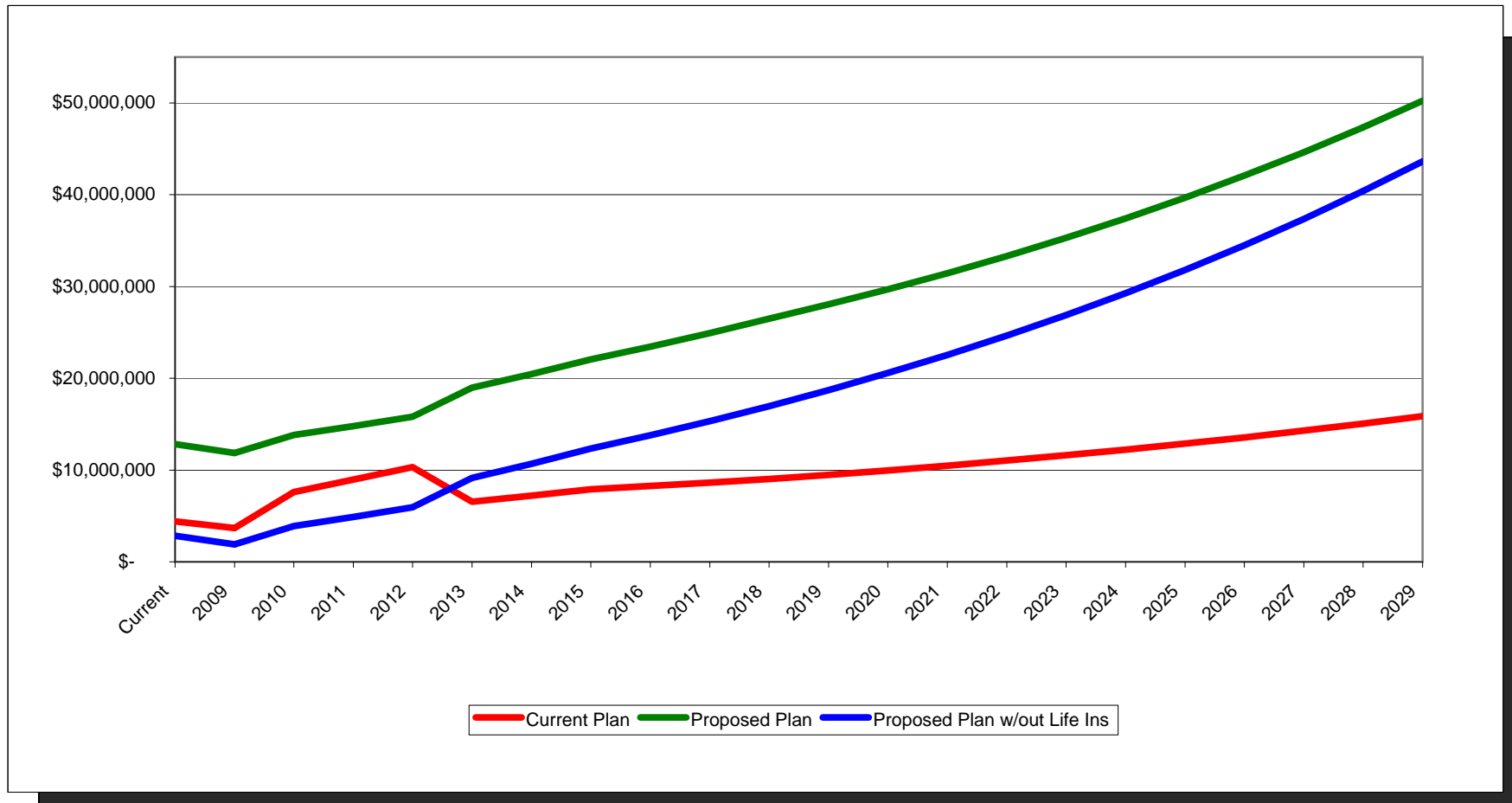
Heirs	\$15,873,067
Estate Tax	\$17,409,748
Charity	\$0

Heirs	\$50,226,491
Estate Tax	\$0
Charity	\$43,955,940

In the current plan, a portion of the benefit to heirs is qualified plan money. Withdrawals from these plans will be treated as ordinary income.

ASSETS PASSING TO YOUR FAMILY - CURRENT VS. PROPOSED

GERALD AND EILEEN FITZSIMMONS



This chart compares the amount of your assets that will pass to heirs after estate taxes and costs of implementation in the current plan as against the proposed plan.

BENEFITS - PLAN YEAR - VALUE OF LIFE INSURANCE

GERALD AND EILEEN FITZSIMMONS

	With Life Insurance	Without Life Insurance	Advantage
Death Occurs Today - Heirs Receive	\$ 12,831,483	\$ 2,831,483	\$ 10,000,000
Death Occurs in 2029 - Heirs Receive	\$ 50,226,491	\$ 43,616,588	\$ 6,609,903

The benefits are based on certain assumptions. This is for illustration purposes only. Actual insurance numbers can only be determined by applying for insurance.

GERALD AND EILEEN FITZSIMMONS

INCREASE IN
CHARITABLE GIVING

COMPARISON OF CHARITY RESULTS - PLAN YEAR 2009

GERALD AND EILEEN FITZSIMMONS

	Existing Plan		Proposed Plan		Increase in Charity	
Charity Receives from TCLAT	\$	-	\$	-	\$	-
Charity Receives from CRT	\$	-	\$	10,600,000	\$	10,600,000
Family Charity	\$	-	\$	10,800,000	\$	10,800,000

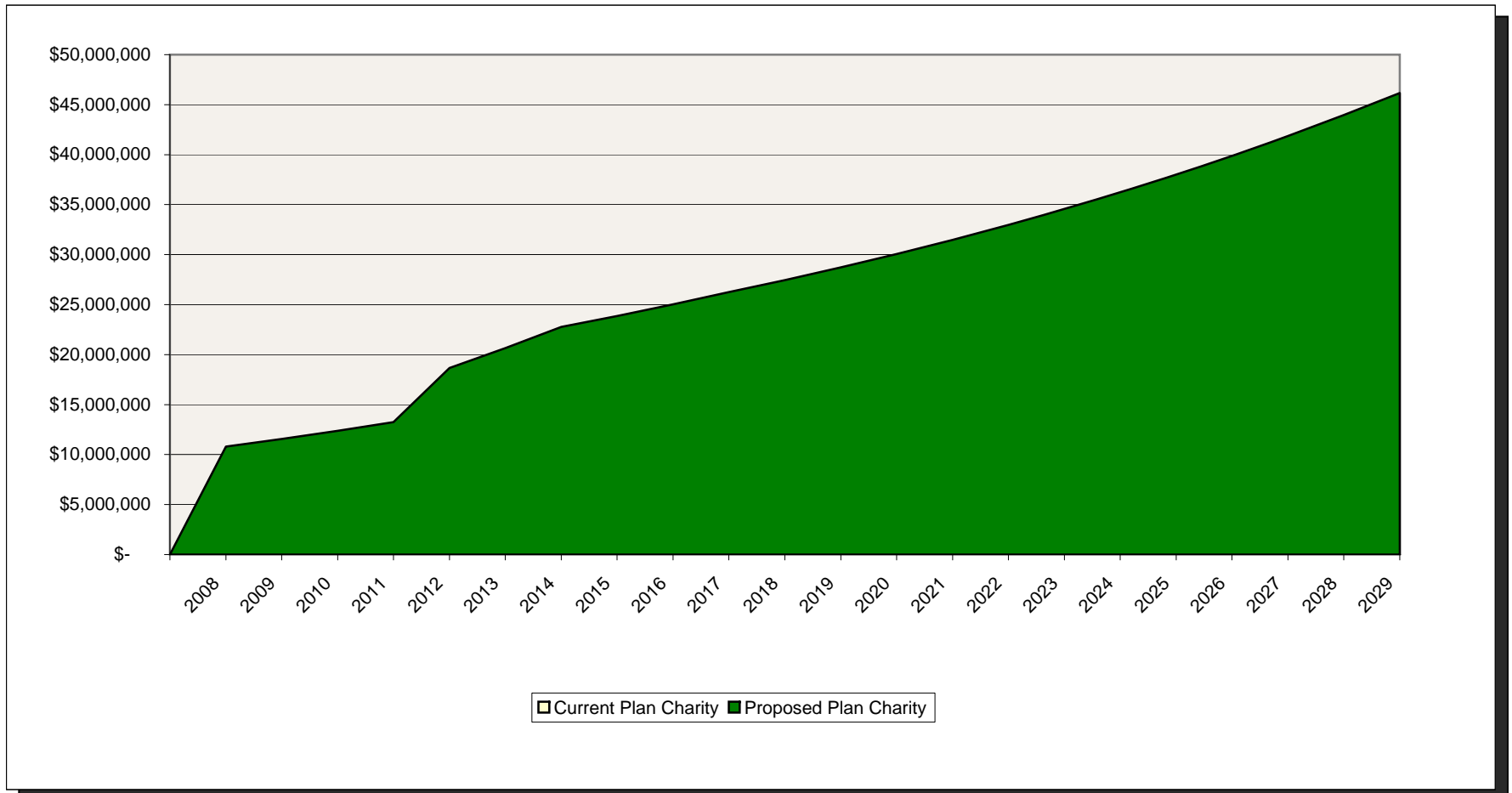
COMPARISON OF CHARITY RESULTS - PLAN YEAR 2029

GERALD AND EILEEN FITZSIMMONS

	Existing Plan		Proposed Plan		Increase in Charity
Charity Receives from TCLAT	\$	-	\$	25,100,000	\$ 25,100,000
Charity Receives from CRT	\$	-	\$	18,300,000	\$ 18,300,000
Family Charity	\$	-	\$	44,000,000	\$ 44,000,000

GIFTING TO CHARITY - EXISTING PLAN VS. PROPOSED PLAN

GERALD AND EILEEN FITZSIMMONS



This chart compares the amount of your gifts to charity in the current plan as against the proposed plan.

PERIODIC TABLE OF ESTATE PLANNING ELEMENTS - CONSIDERED

GERALD AND EILEEN FITZSIMMONS

In our planning process, we start with the universe of available planning tools. While this universe is constantly changing, the following chart outlines many of the available tools. We examine each of these strategies and discard those that are not suitable for meeting your goals and objectives.

Charitable Remainder Uni-Trust	412(i)	Family Limited Partnership	Private Annuity	Grantor Retained Annuity Trust	Charitable Lead Annuity Trust	SCIN
Family LLC	TCLAT	Qualified Personal Residence Trust	Flip CRT	Sale for Installment Note	Series Limited Liability Company	ILIT as a discretionary beneficiary of the GDOT
Premium Finance	Preferred Limited partnership	Long Term Care Insurance	529 Plans	Gifting	ILIT	Corporate Recapitalization
Walton GRAT	Private Foundations	Charitable Life Estate	NIMCRUT	Annuity Withdrawal	Asset Protection	SPIA/Life Arbitrage
SPIA/Life in a CLAT	Principal Protected Notes	Wills, DPAs and POAs	Crummey Powers	Dynasty Trust	International VUL	GDOT
Supporting Organizations	IRA to Charity	Gift Annuity	Revocable Living Trusts	Life Estates	International Business Risk Management	LLC/CRTs
Bargain Sales	Succession Planning	Risk Management	Charitable Remainder Annuity Trust	ESOP Planning	Defined Benefit Plans	Qualified Plan Limited Partnership

PERIODIC TABLE OF ESTATE PLANNING ELEMENTS - RECOMMENDED

GERALD AND EILEEN FITZSIMMONS

The highlighted tools are those we have determined are most suited to achieving your goals and objectives.

Charitable Remainder Uni-Trust	412(i)	Family Limited Partnership	Private Annuity	Grantor Retained Annuity Trust	Charitable Lead Annuity Trust	SCIN
Family LLC	TCLAT	Qualified Personal Residence Trust	Flip CRT	Sale for Installment Note	Series Limited Liability Company	ILIT as a discretionary beneficiary of the GDOT
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SPIA/Life in a CLAT	Principal Protected Notes	Wills, DPAs and POAs	Crummey Powers	Dynasty Trust	International VUL	GDOT
Supporting Organizations	IRA to Charity	Gift Annuity	Revocable Living Trusts	Life Estates	International Business Risk Management	LLC/CRTs
Bargain Sales	Succession Planning	Risk Management	Charitable Remainder Annuity Trust	ESOP Planning	Defined Benefit Plans	Qualified Plan Limited Partnership

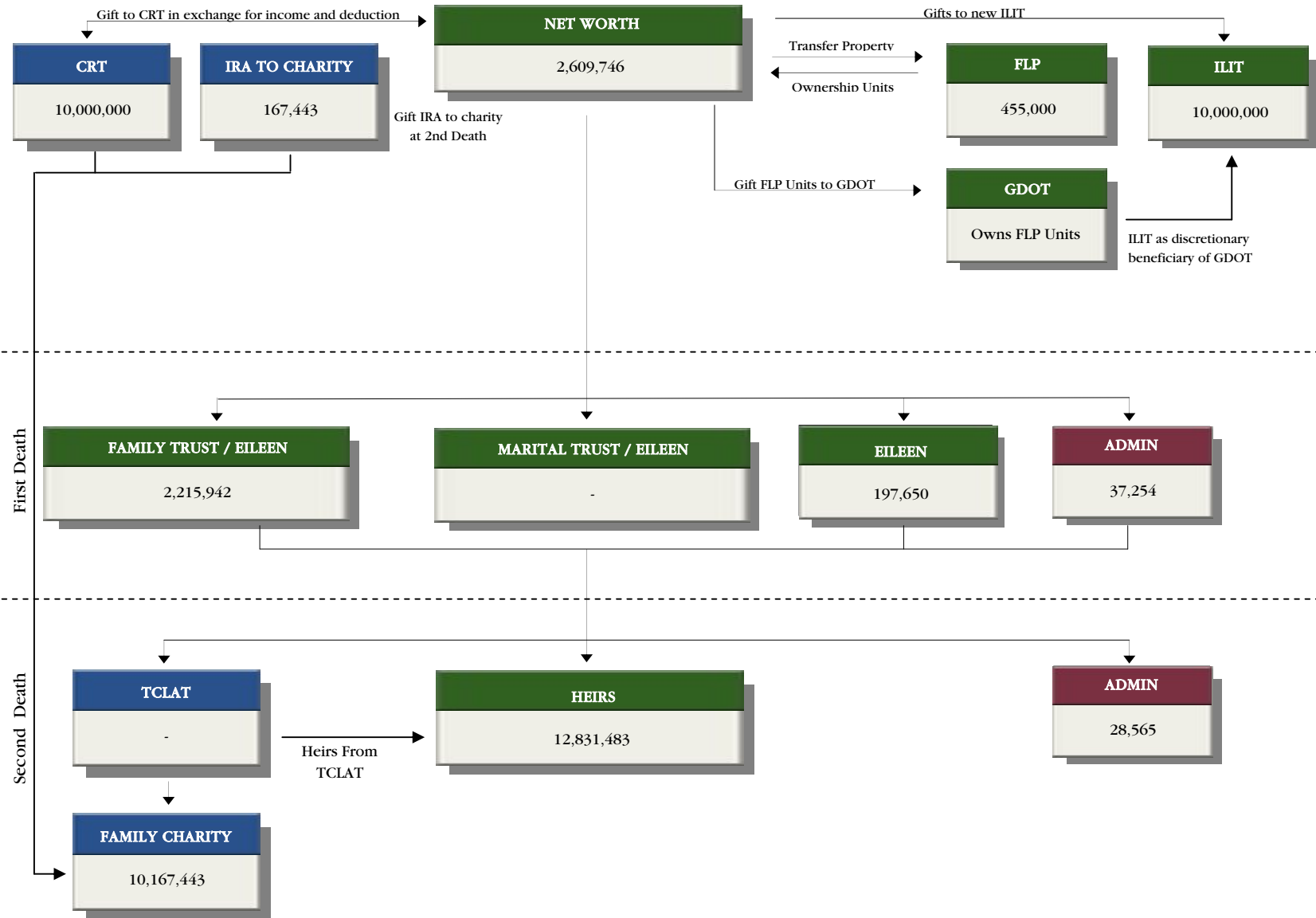
Green equals a new planning tool for family

Blue equals a social capital or charitable tool

Yellow equals an existing planning tool

ESTATE PLAN OVERVIEW AND ESTATE DISTRIBUTION - 2009

GERALD AND EILEEN FITZSIMMONS



INTRODUCTION TO THE PLAN STRATEGIES ROADMAP

GERALD AND EILEEN FITZSIMMONS

The following section of the plan contains a step by step roadmap for each of the strategies that we are recommending.

You will notice that the strategies are often interdependent; that is, in order for one strategy to be successful, you must complete another strategy as well. It is the integration of each of these strategies that allows you to most efficiently accomplish your goals.

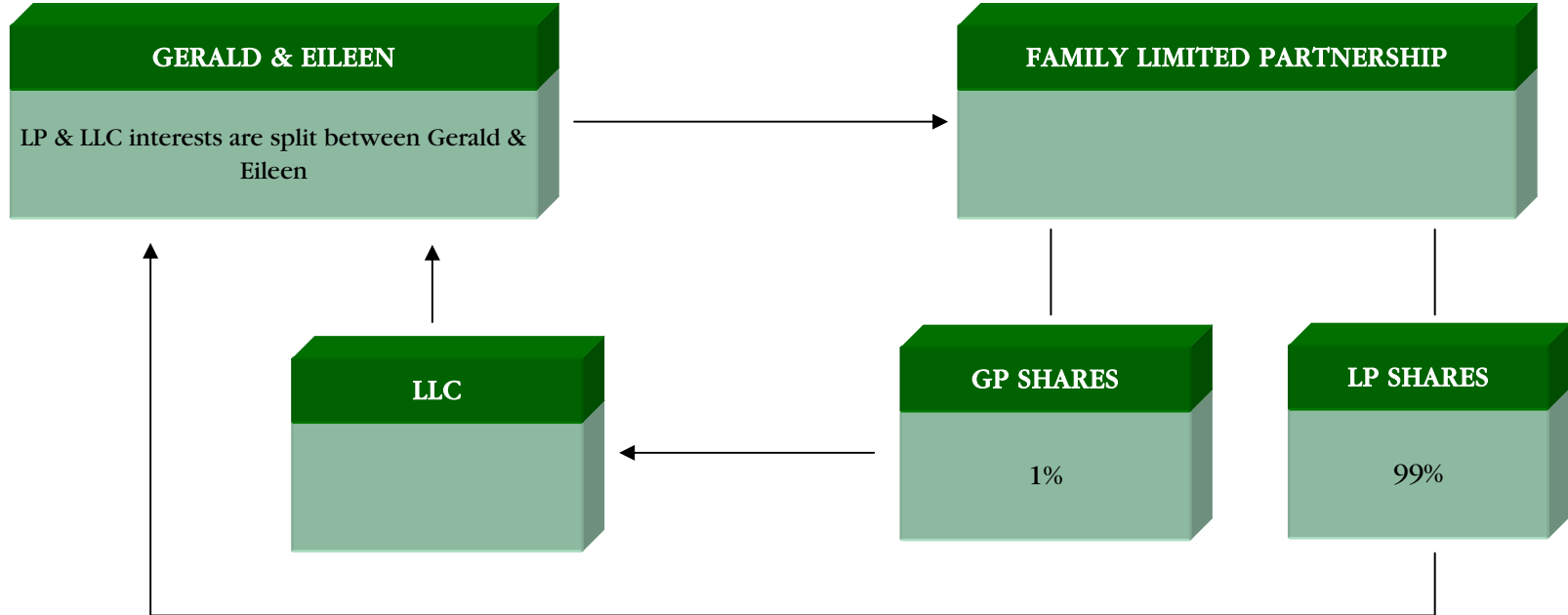
Also keep in mind that there is often more than one way to get from point A to point B. This is true in wealth transfer planning. If a particular strategy or combination of strategies is not acceptable to you, we may be able to reach the desired result in a less efficient but perhaps more acceptable way.

The following pages are a conceptual road map only, there are numerous details contained in each strategy that are not detailed in the overall plan that follows.

CREATE AND FUND A FAMILY LIMITED PARTNERSHIP

GERALD AND EILEEN FITZSIMMONS

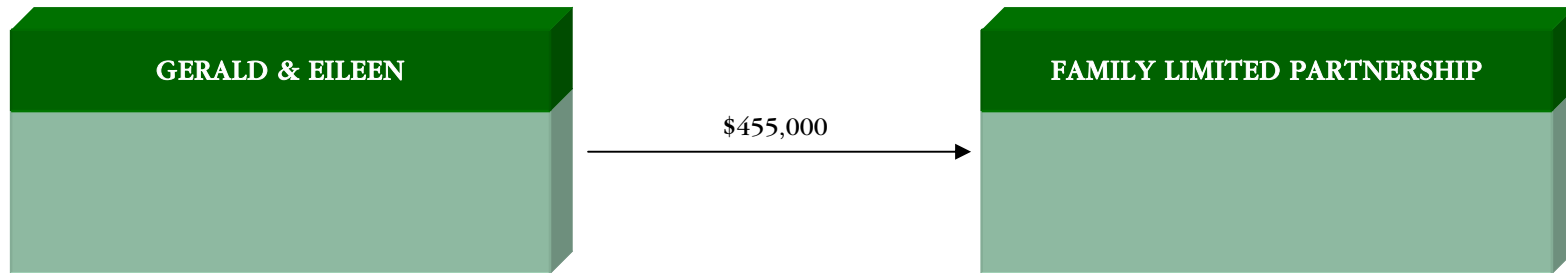
Gerald and Eileen create a limited partnership and a management LLC. They receive limited partnership shares and LLC receives GP shares. The new entity is organized to develop new investments, protect family members, streamline business succession planning, create a gifting mechanism and provide centralized management of investments.



CREATE AND FUND A FAMILY LIMITED PARTNERSHIP

GERALD AND EILEEN FITZSIMMONS

Gerald and Eileen transfer \$455,000 of assets to the limited partnership.



Detail of Assets Transferred

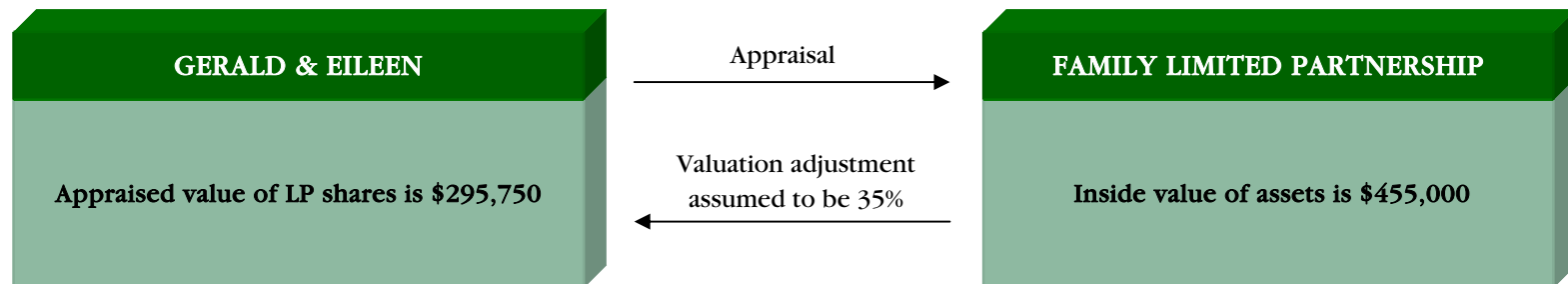
Fitzsimmons Family Rental Partnership (4%)	80,000
Fitzsimmons Family Holdings, LLC (25%)	375,000
Total Assets Contributed	455,000

HAVE THE LIMITED PARTNERSHIP SHARES APPRAISED

GERALD AND EILEEN FITZSIMMONS

Gerald and Eileen hire an appraiser to value the limited partnership shares that they own. The appraiser will value the shares taking all of the following into account:

- Liquidity of the shares
- Transferability of the shares
- Degree of control that accompanies ownership of the shares
- The assets owned by the partnership



The appraisal value of the LP units is assumed for illustration purposes only.

Note: Business appraisal is not an exact science. The IRS does not like valuation adjustments.

A well regarded appraiser should be retained to value the interests being sold.

BUSINESS PURPOSE

GERALD AND EILEEN FITZSIMMONS

The Family entity must have a legitimate business purpose for being organized and these purposes should be well documented. Legitimate business purposes examples are as follows:

- a. To Make a Profit – The primary reason for creating this Entity is to make a profit.
- b. To Increase Wealth – This Entity will provide an effective legal vehicle to increase the wealth of the Members and their families.
- c. To Provide Centralized Management of Investments – This Entity is designed to hold investment assets and allow for centralized management of those assets.
- d. To Manage and Develop Real Estate – This Entity will provide the legal vehicle to effectively manage and/or develop any real estate owned or acquired by the Company.
- e. To Avoid Two Layers of Taxation on Profits – This Entity provides flexibility in business planning not available to the Members through trusts, corporations, or other business entities.
- f. To Make Gifts Without Fractionalizing Assets – This Entity establishes a method by which annual gifts may be made without fractionalizing family assets.
- g. To Make Gifts Without Causing a Loss of Incentive – This Entity provides a method of ownership which allows gifts to be made to children and other beneficiaries without causing a loss of productivity or the incentive to strive to do well.
- h. To Control Cash Flow to Members – This Entity provides a structure by which the Manager can control the assets and the cash flow to Members to achieve the legitimate purposes of the Company.
- i. To Provide a Buy-Sell Arrangement – This Entity provides an orderly buy-sell arrangement between the members of the families that own membership interests to keep the ownership of Company assets in those families.
- j. To Resolve Disputes Privately – This Entity provides for mediation and binding arbitration in disputes by Members that is intended to prevent expensive and embarrassing public litigation of private family business matters.
- k. To Require the Losers of Disputes to Pay the Dispute Costs – This Entity requires the loser in any dispute to pay for the costs of the dispute.
- l. To Restrict the Right of Non-Members to Acquire Interests – This Entity restricts the right of non-Members to acquire interests in Company assets.
- m. To Prevent Transfers of Membership Interests Because of Failed Marriages – This Entity prevents the transfer of a family member's interest in the Company because of a failed marriage.
- n. To Prevent Commingling of the Assets of Gift Recipients – This Entity creates a method of ownership that will prevent gifts made to family members from being commingled with assets owned by others.
- o. To Make it Difficult to Withdraw – The restrictions in this Operating Agreement make it difficult for any of the parties to withdraw from the Company once they become a Member.
- p. To Protect Members from the Company's Creditor Claims – This Entity limits the liability of Members from the Company's creditors and further limits the liability of Members holding particular Series of the Company from liability associated with other Series of the Company.
- q. To Provide Asset Protection for Members – This Entity protects the family resource base from the claims of future creditors of Members.

The entity may conduct any lawful business and investment activity permitted under the laws of the State and/or country of organization in which it may have a business or investment interest.

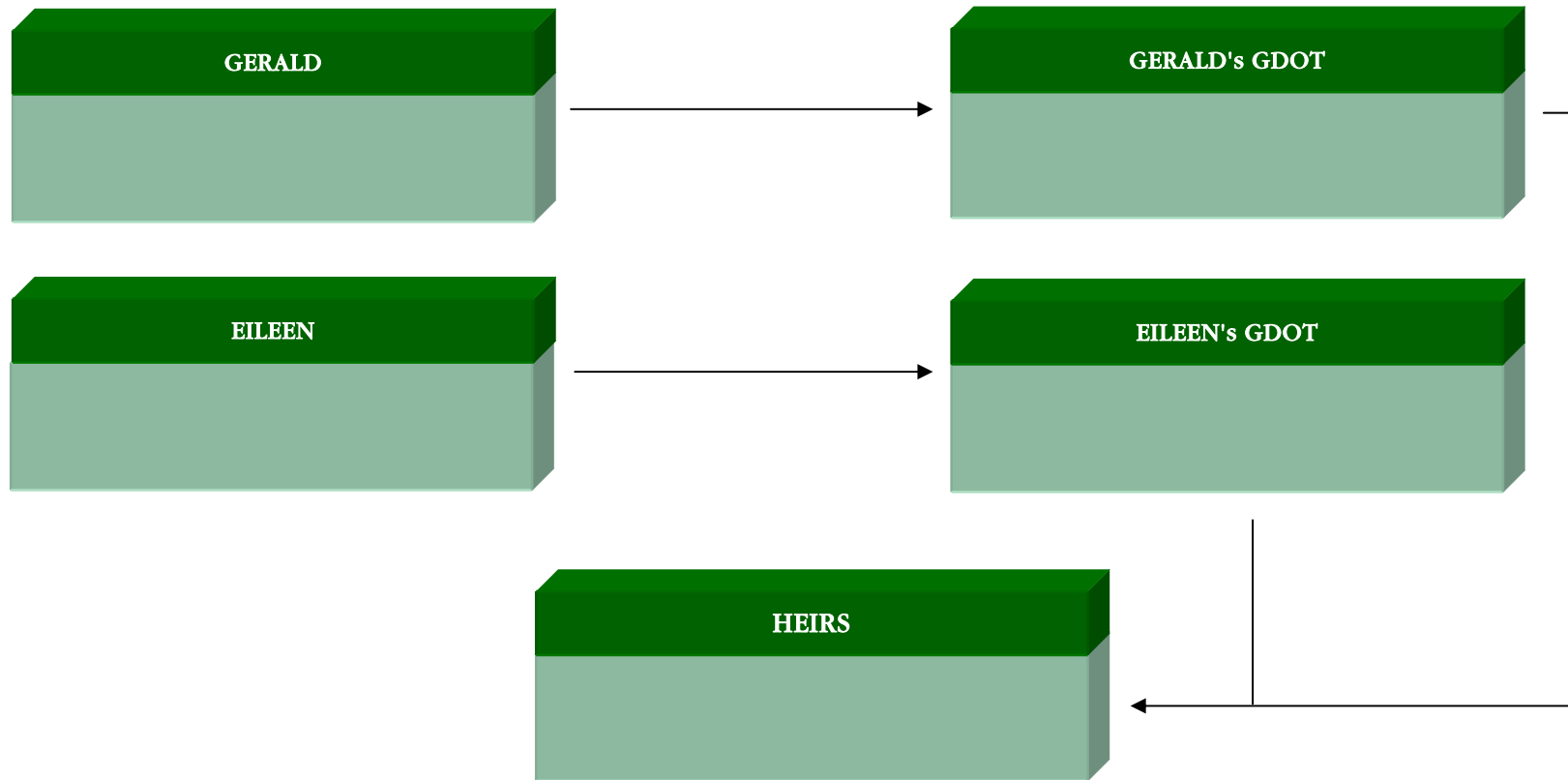
The entity may own, acquire, manage, develop, operate, sell, exchange, finance, refinance, lease and otherwise deal with real estate, personal property and any type of business as the Manager may from time to time deem to be in the best interest of the entity.

The entity may engage in any other activities that are related or incidental to the foregoing purposes.

CREATE GRANTOR DEEMED OWNER TRUSTS

GERALD AND EILEEN FITZSIMMONS

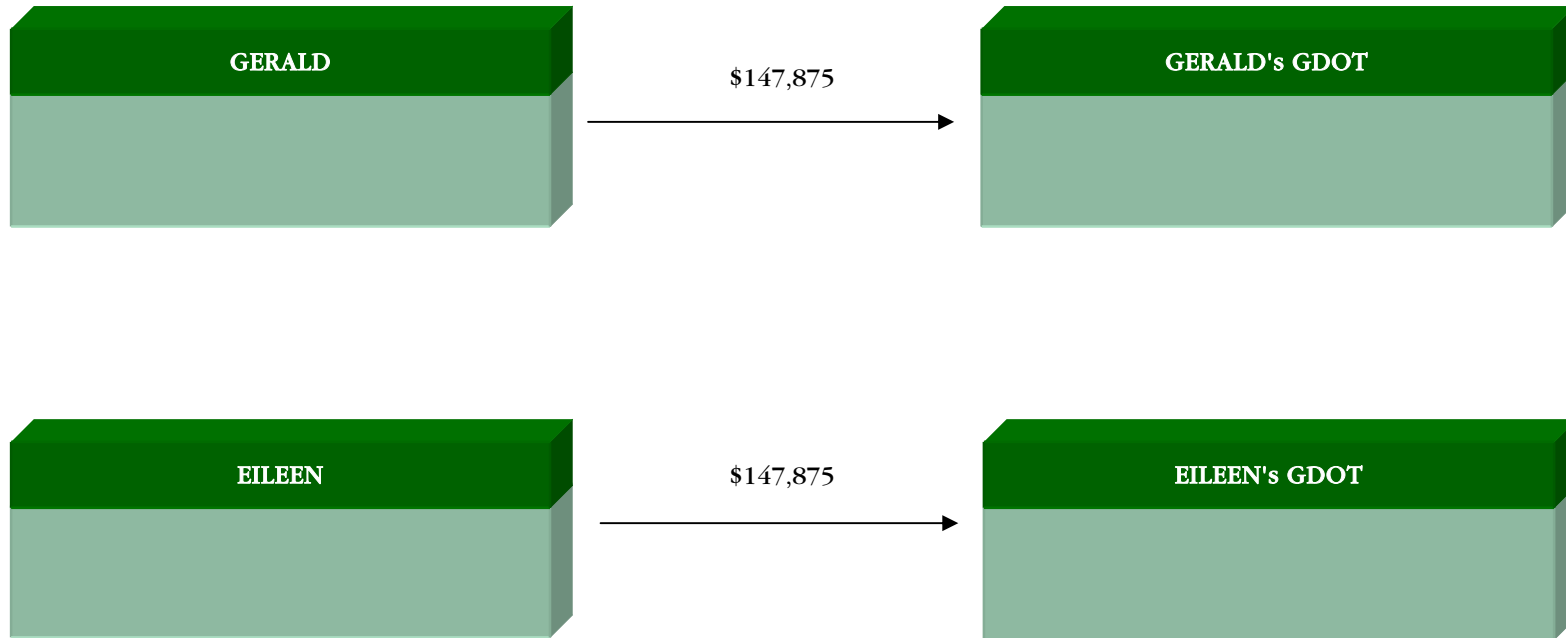
Gerald and Eileen create individual grantor deemed owner trusts (GDOT).



GIFT TO GRANTOR DEEMED OWNER TRUST

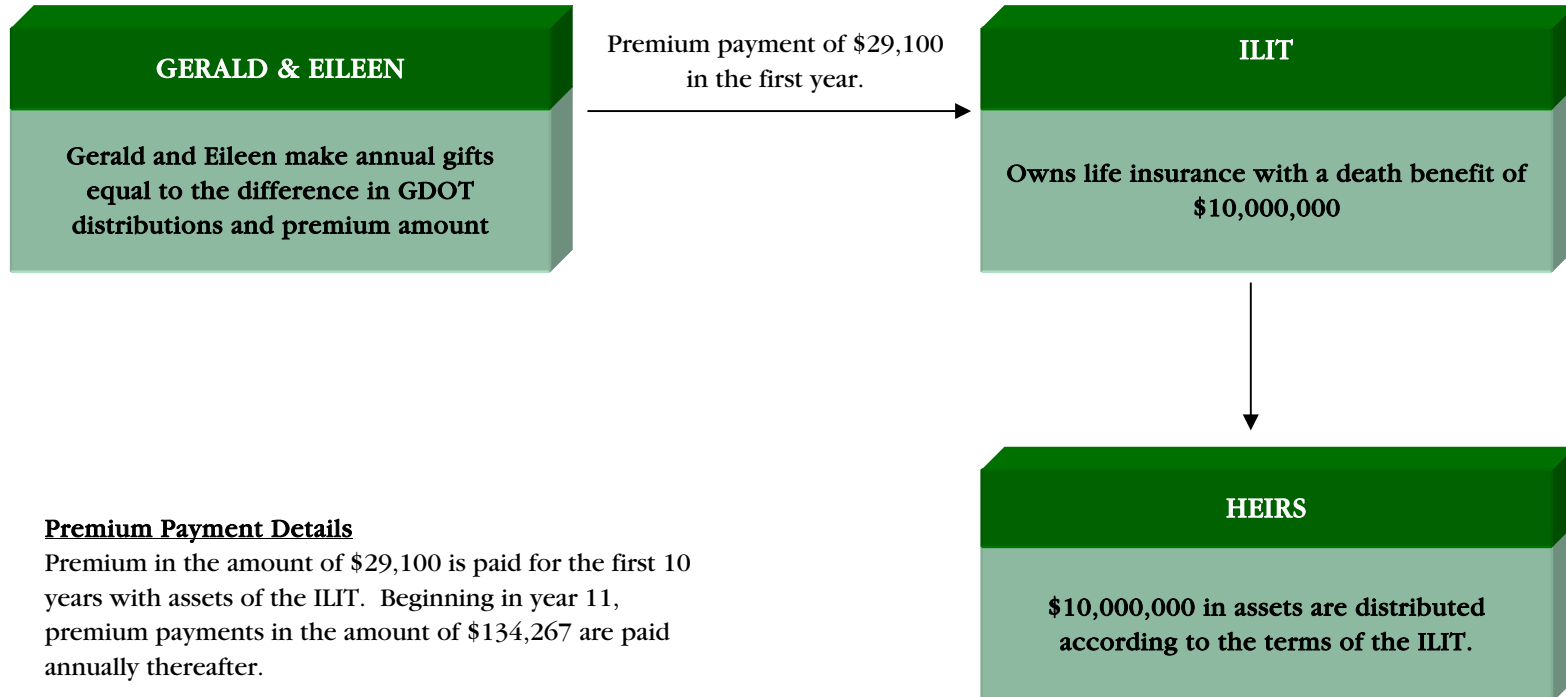
GERALD AND EILEEN FITZSIMMONS

Gerald and Eileen each make a gift of LP units worth \$147,875 to their individual GDOT.



IRREVOCABLE LIFE INSURANCE TRUST

GERALD AND EILEEN FITZSIMMONS



Premium Payment Details

Premium in the amount of \$29,100 is paid for the first 10 years with assets of the ILIT. Beginning in year 11, premium payments in the amount of \$134,267 are paid annually thereafter.

NOTE: The ILIT will be a discretionary beneficiary of the GDOTs.

The premium is based on certain assumptions. This is for illustration purposes only. Actual insurance numbers can only be determined by applying for insurance.

CREATE A FLIP - CHARITABLE REMAINDER UNITRUST

GERALD AND EILEEN FITZSIMMONS

Gerald and Eileen create a flip - charitable remainder unitrust (Flip-CRT).



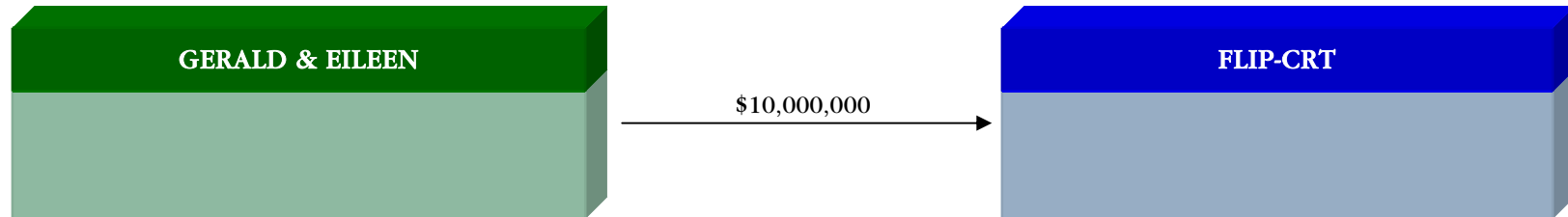
Flip-CRT Assumptions

Total Return Rate	7.00%
Flip-CRT payout rate	6.00%
7520 rate	1.98%
Number of lives	2
Years until Flip	7
Income Tax Deduction	\$ 1,747,600

FUND A FLIP - CHARITABLE REMAINDER UNITRUST

GERALD AND EILEEN FITZSIMMONS

Gerald and Eileen transfer \$10,000,000 of assets to the Flip-CRT.



Detail of Assets Transferred to Flip-CRT

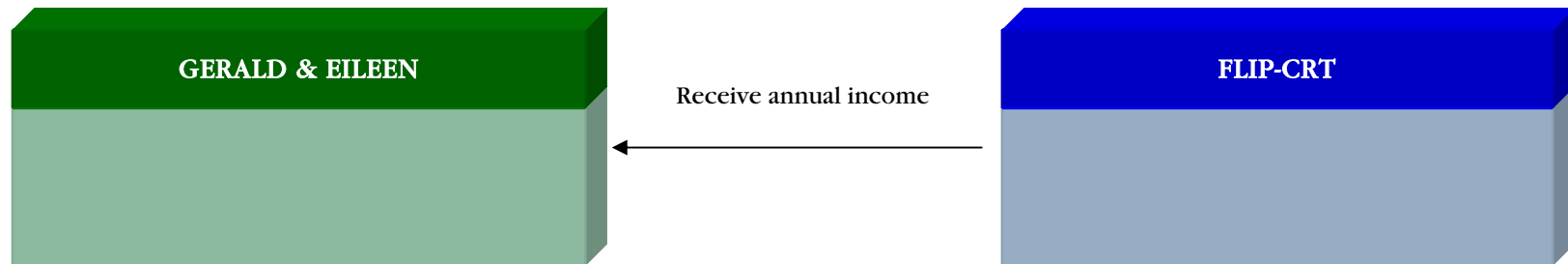
Fitzsimmons Corp (C-corp) (49.9%)(.1%)	10,000,000
Total	10,000,000

Est. income tax savings from contribution 427,394

INCOME FROM THE FLIP-CRT

GERALD AND EILEEN FITZSIMMONS

Gerald and Eileen receive annual payments beginning in 2016 for their lives.



Note: Gerald and Eileen may choose to gift excess income to charity. Furthermore, it may be possible to make distributions from the CRT directly to charities

DISTRIBUTION AT THE END OF THE FLIP-CRT

GERALD AND EILEEN FITZSIMMONS

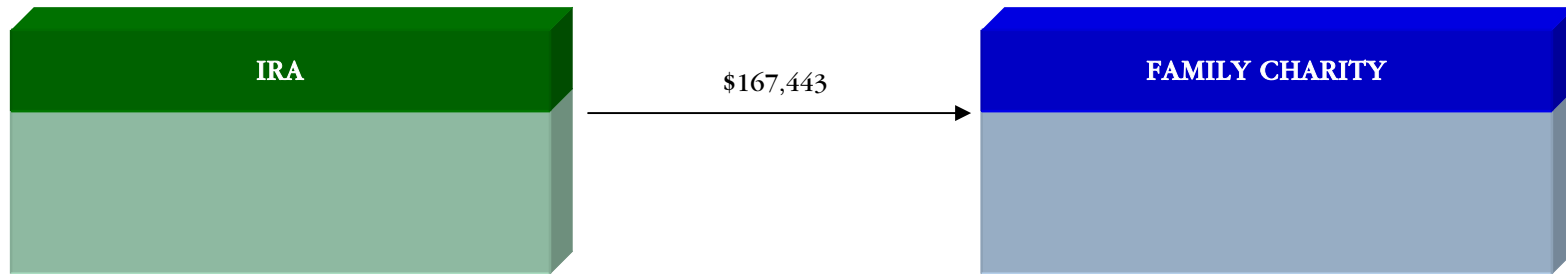
At the termination of the Flip-CRT, the assets of the Flip-CRT will be distributed to the charity or charities of your choice.



LEAVE YOUR IRA TO CHARITY

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At the second death, leave your IRA and qualified plans to charity.



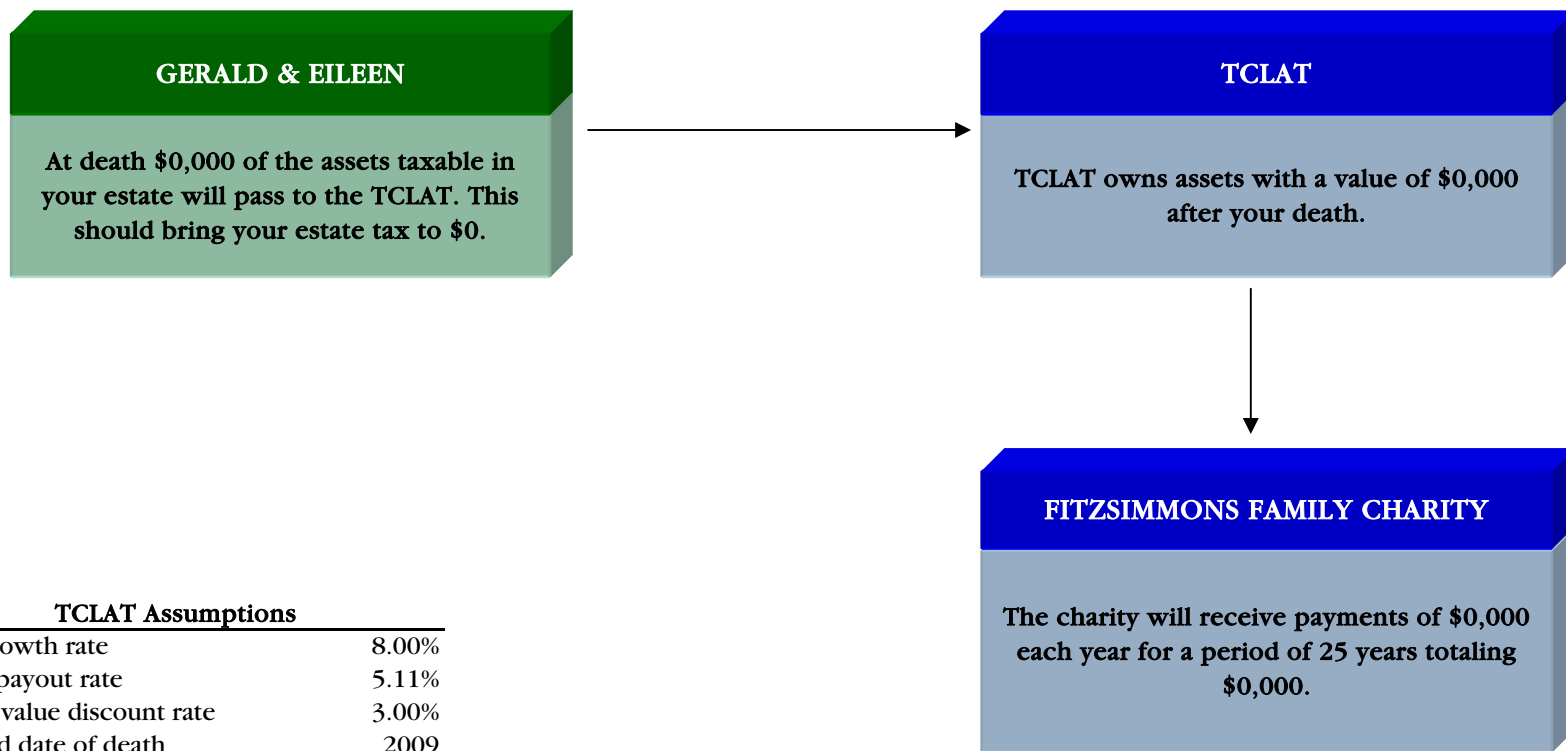
Advantages

- No estate tax
- No income in respect of a decedent tax
- Most efficient asset to satisfy charitable intent

TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (PART I) - YEAR 2011

GERALD AND EILEEN FITZSIMMONS

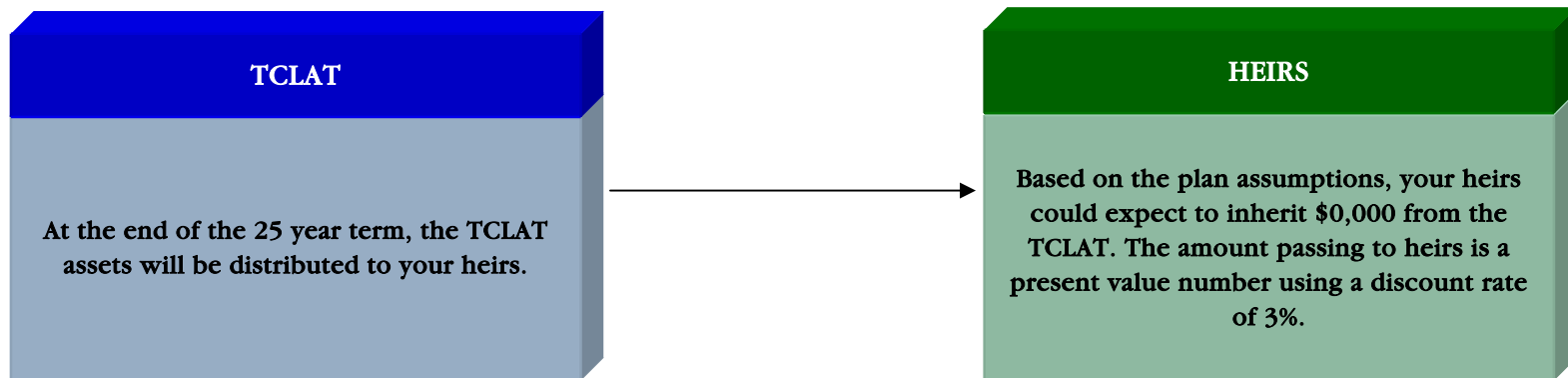
Include language in your trust or Will that creates a testamentary charitable lead trust (TCLAT) at the second death.



TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (PART II)

GERALD AND EILEEN FITZSIMMONS

At the end of the TCLAT term, your heirs will receive all of the remaining trust assets.



COST BENEFIT ANALYSIS

GERALD AND EILEEN FITZSIMMONS

All strategies have an element of risk; a chance that the program adopted does not work as planned. Estate planning strategies carry an element of risk as well. Many advisors warn their clients of risk but do not make an effort to quantify those risks. We have taken the position in our planning that if a risk is quantifiable, it should be identified as such and the cost of the risk should be disclosed to our client. When the risk is not quantifiable, this should also be disclosed.

Any risk analysis begins with two questions:

What is the reward to be gained by taking the risk?

What is the cost of the potential loss if the plan fails totally?

If you are satisfied that the reward is worth the risk and that the risk of loss is acceptable, it would then make sense to pursue the strategy. If the risk is such that you could not comfortably accept the loss, then the risk should not be taken.

Is the reward worth the risk?

The reward of the proposed plan results in an advantage to your heirs today of \$8,195,793 over your existing plan.

The reward of the proposed plan results in an advantage to your heirs at life expectancy of \$34,353,424 over your existing plan.

What if the Plan fails totally?

There are 4 basic areas of potential risk involved in this comprehensive plan. We assume total failure of all planning techniques in order to provide a worst case analysis.

Transaction costs

Planning Fees	15,000
Attorneys Fees	75,000
<u>Valuation Fees</u>	<u>7,500</u>
Total	\$ 97,500

Annual Maintenance Fee	\$ 2,500
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Taxes

This represents the taxes that will have to be paid if the plan fails entirely. Note that this is the same amount that would be paid without the planning.

Total additional tax over current plan = \$0

COST BENEFIT ANALYSIS (CONTINUED)

Interest (cost of money)

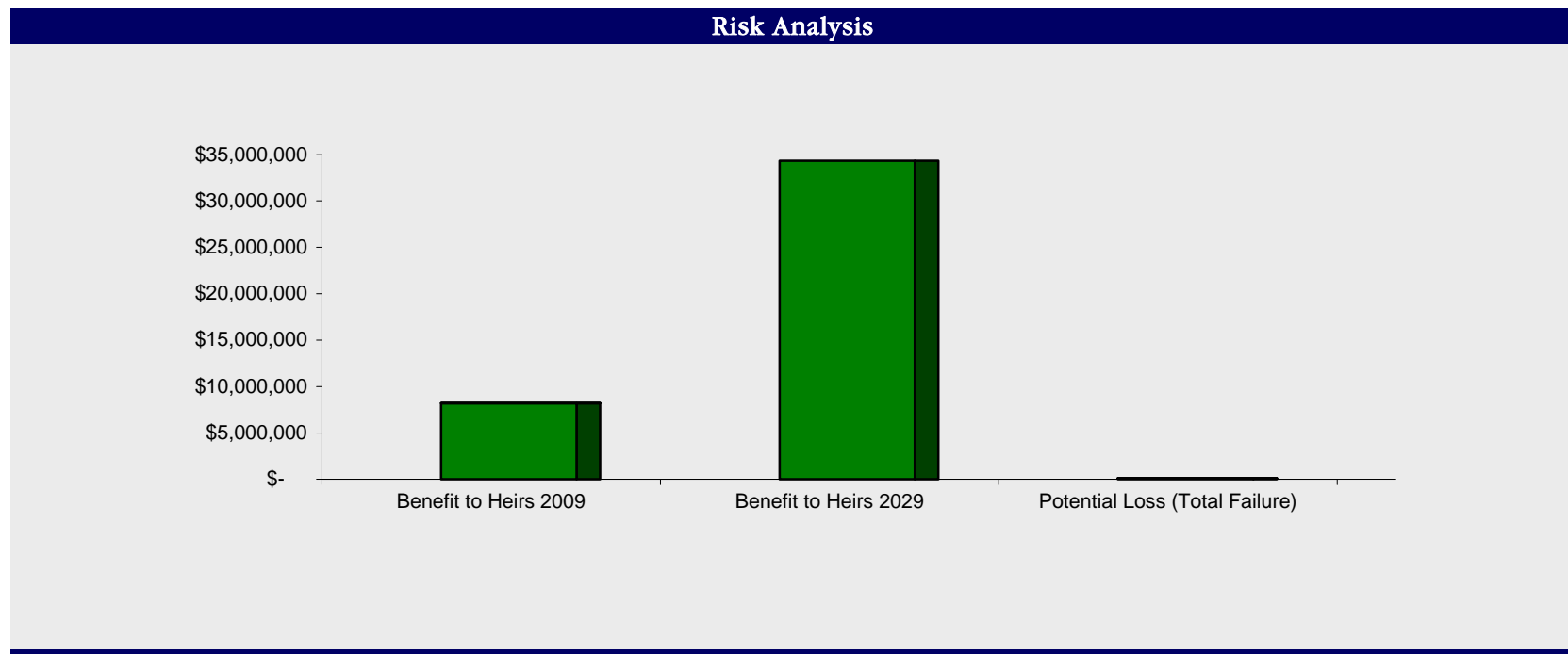
Interest is charged on late tax payments by the IRS at the rate of the applicable federal rate plus 3%. You must invest at a rate less than this rate to lose money. Assuming that assets earn in excess of that rate, there should be no risk of loss due to cost of money.

Nonetheless, we assume that assets actually earn 2% less than the IRS interest rates, and the risk of loss would be \$0,000.

Penalties

Assuming the plan is implemented with the help of knowledgeable advisors, the only potential penalty is for substantial undervaluation. The penalty comes into play in the case of a challenge to asset valuation. If the value reported for a transaction is less than 65% of the value as finally determined for tax purposes (by the IRS or the courts) then there is a 25% substantial undervaluation penalty.

The valuation adjustment assumed in this plan is 35.00%. Therefore, an adjustment should not result in a substantial valuation penalty.



DETAILED FINANCIAL ANALYSIS

GERALD AND EILEEN FITZSIMMONS

INTRODUCTION

The following section of the plan contains all of the financial analysis used to show you where you stand with your current plan and what is possible with the proposed plan.

All of the numbers are based on information provided by you or gleaned from statements and tax returns. If numbers do not look correct, please let us know so that we can make appropriate changes.

Assumed growth and yield numbers are all listed on the Net Worth pages contained in these sections.

DETAILED FINANCIAL ANALYSIS

GERALD AND EILEEN FITZSIMMONS

CURRENT PLAN FINANCIALS

In the Current Plan Section you will find a Net Worth Statement and a detailed cash flow and asset value projection analysis.

CURRENT NET WORTH STATEMENT

GERALD AND EILEEN FITZSIMMONS

	GERALD	EILEEN	JOINT	TOTAL	YIELD	GROWTH
CASH AND EQUIVALENTS						
Columbia Bank	18,971	-	-	18,971	2.0%	0.0%
Columbia Bank	2,509	-	-	2,509	2.0%	0.0%
Columbia Bank	25	-	-	25	2.0%	0.0%
Columbia Bank	-	4,529	-	4,529	2.0%	0.0%
Total of Cash and Equivalents	21,505	4,529	-	26,034	2.0%	0.0%
MARKETABLE SECURITIES - EQUITIES						
Citigroup	21,462	-	-	21,462	2.0%	5.0%
Total of Equities	21,462	-	-	21,462	2.0%	5.0%

CURRENT NET WORTH STATEMENT (PAGE 2)

GERALD AND EILEEN FITZSIMMONS

	GERALD	EILEEN	JOINT	TOTAL	YIELD	GROWTH
OTHER INVESTMENTS						
Fitzsimmons Family Rental Partnership (4%)	80,000	-	-	80,000	2.0%	5.0%
<u>Fitzsimmons Family Holdings, LLC (25%)</u>	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>375,000</u>	<u>7.2%</u>	<u>5.0%</u>
Total of Other Investments	455,000	-	-	455,000	6.3%	5.0%
CLOSELY HELD BUSINESS						
<u>Fitzsimmons Corp (C-corp) (49.9%)(.1%)</u>	<u>3,390,468</u>	<u>6,795</u>	<u>-</u>	<u>3,397,263</u>	<u>0.0%</u>	<u>5.0%</u>
Total Closely Held Business	3,390,468	6,795	-	3,397,263	0.0%	5.0%
RETIREMENT PLANS/IRAs						
SEP IRA	25,505	-		25,505	0.0%	7.0%
John Hancock 401(k)	122,145	-		122,145	0.0%	7.0%
<u>John Hancock 401(k)</u>	<u>-</u>	<u>19,793</u>		<u>19,793</u>	<u>0.0%</u>	<u>7.0%</u>
Total Retirement Plans	147,650	19,793		167,443	0.0%	7.0%

CURRENT NET WORTH STATEMENT (PAGE 3)

GERALD AND EILEEN FITZSIMMONS

	GERALD	EILEEN	JOINT	TOTAL	YIELD	GROWTH
RESIDENTIAL REAL ESTATE						
12345 Main St	165,000	165,000	-	330,000	0.0%	3.0%
Total of Personal Residences	165,000	165,000	-	330,000	0.0%	3.0%
PERSONAL PROPERTY						
Personal Property	50,000	50,000	-	100,000	0.0%	0.0%
Total of Personal Property	50,000	50,000	-	100,000	0.0%	0.0%
TOTAL ASSETS	4,251,085	246,117	-	4,497,202		
TOTAL LIABILITIES	-	-	-	-		
NET WORTH	4,251,085	246,117	-	4,497,202		

ASSET VALUE PROJECTIONS - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Asset Values									
Cash and cash equivalents	26,034	26,034	26,034	26,034	26,034	26,034	26,034	26,034	26,034
Marketable securities - Equities	21,462	64,911	111,592	2,701,636	5,461,957	8,163,641	11,029,019	14,068,093	31,222,119
Other investments	455,000	474,631	498,363	523,281	549,445	576,917	605,763	636,051	1,259,337
Closely held business ¹	3,397,263	3,543,838	7,442,060	5,953,648	4,465,236	2,976,824	1,488,412	-	-
Retirement plans/IRAs	167,443	194,477	225,023	240,775	257,629	275,663	294,960	315,607	600,042
Personal residences	330,000	338,554	348,711	359,172	369,947	381,045	392,477	404,251	611,466
Personal property	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total assets in estate	4,497,202	4,742,445	8,751,783	9,904,545	11,230,248	12,500,124	13,936,664	15,550,036	33,818,998
Less estimated liabilities ²	-	(1,000,000)	(1,000,000)	(800,000)	(600,000)	(400,000)	(200,000)	-	-
Combined net worth	\$ 4,497,202	\$ 3,742,445	\$ 7,751,783	\$ 9,104,545	\$ 10,630,248	\$ 12,100,124	\$ 13,736,664	\$ 15,550,036	\$ 33,818,998

¹ Assumes Gerald purchases remainder of Fitzsimmons Corp. 12/31/09 & sells Fitzsimmons Corp. over 5 yrs beginning in 2011.

² Assumes Gerald pays off loan over 5 years beginning in 2011.

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row by default.

If there is a cash flow shortage (because of spending or gifting capital) then the shortage is treated as a reduction in marketable securities.

TAXABLE INCOME PROJECTIONS - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Sources of taxable income									
Cash and cash equivalents		521	521	521	521	521	521	521	521
Marketable securities - Equities		429	1,298	2,232	54,033	109,239	163,273	220,580	589,492
Other investments		28,774	30,016	31,517	33,092	34,747	36,484	38,309	75,848
Retirement plans/IRAs		-	-	-	-	-	-	-	28,303
Sale of Fitzsimmons Corp (over 5 years)		-	-	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	-
Client earned income		100,829	102,846	-	-	-	-	-	-
Spouse earned income		45,507	46,417	-	-	-	-	-	-
Pension income ¹		-	-	-	-	-	-	-	9,864
Gross income	\$	176,060	\$ 181,097	\$ 3,834,269	\$ 3,887,646	\$ 3,944,507	\$ 4,000,278	\$ 4,059,410	\$ 704,028

¹ Eileen's Kmart Pension begins in 2019, assume no growth

INCOME TAX PROJECTIONS - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Income tax Estimation									
Adjusted gross income:									
Dividend income (marketable sec.)		429	1,298	2,232	54,033	109,239	163,273	220,580	589,492
Capital Gains from Sale of Fitzsimmons Corp		-	-	1,288,412	1,288,412	1,288,412	1,288,412	1,288,412	-
Earned and other income		175,631	179,799	2,543,625	2,545,201	2,546,856	2,548,593	2,550,417	114,536
Adjusted gross income		176,060	181,097	3,834,269	3,887,646	3,944,507	4,000,278	4,059,410	704,028
Deductions									
State income taxes		7,042	7,244	153,371	155,506	157,780	160,011	162,376	28,161
Charitable gifts	1,300	1,300	1,339	1,379	1,421	1,463	1,507	1,552	2,348
Charitable Deduction available		1,300	1,339	1,379	1,421	1,463	1,507	1,552	2,348
Charitable Deduction allowed		1,300	1,339	1,379	1,421	1,463	1,507	1,552	2,348
Total deductions		8,342	8,583	154,750	156,926	159,243	161,518	163,929	30,509
Reductions		(93)	-	-	-	(113,331)	(115,004)	(116,778)	(16,117)
Deductions allowed		8,250	8,583	154,750	156,926	45,912	46,514	47,150	14,392
Taxable income		167,810	172,514	3,679,519	3,730,719	3,898,595	3,953,764	4,012,259	689,636
Federal and State income tax		\$ 42,237	\$ 43,623	\$ 1,152,945	\$ 1,162,640	\$ 1,413,162	\$ 1,437,240	\$ 1,462,769	\$ 265,324

CASH FLOW PROJECTIONS - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Sources of income for Lifestyle									
Cash from Loan ¹		1,000,000	-	-	-	-	-	-	-
Return of Basis on Fitzsimmons Corp		-	-	200,000	200,000	200,000	200,000	200,000	-
Consumable income (taxable)		176,060	181,097	3,834,269	3,887,646	3,944,507	4,000,278	4,059,410	704,028
Total income available for lifestyle		1,176,060	181,097	4,034,269	4,087,646	4,144,507	4,200,278	4,259,410	704,028
Uses of Cash									
Living expenses		90,000	92,700	95,481	98,345	101,296	104,335	107,465	162,550
Income tax		42,237	43,623	1,152,945	1,162,640	1,413,162	1,437,240	1,462,769	265,324
Loan pay off		-	-	200,000	200,000	200,000	200,000	200,000	-
Purchase of Fitzsimmons Corp. ¹		1,000,000	-	-	-	-	-	-	-
Cash gifts to charity		1,300	1,339	1,379	1,421	1,463	1,507	1,552	2,348
Total uses of cash		1,133,537	137,662	1,449,805	1,462,406	1,715,921	1,743,082	1,771,786	430,222
Surplus	\$	42,523	\$ 43,436	\$ 2,584,464	\$ 2,625,240	\$ 2,428,586	\$ 2,457,196	\$ 2,487,623	\$ 273,806

¹ Assumes purchase date of 12/31/09 for Fitzsimmons Corp. transaction.

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row on the "Asset Value Projections" 3 pages earlier.

If there is a cash flow shortage (spending or gifting capital) then the shortage is treated as a reduction in marketable securities row on the "Asset Value Projections" 3 pages earlier.

FIRST ESTATE TAX ESTIMATION AND DISTRIBUTION - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Tax calculation on Gerald's death									
Combined net worth	4,497,202	3,742,445	7,751,783	9,104,545	10,630,248	12,100,124	13,736,664	15,550,036	33,818,998
Gerald's estimated estate	4,251,085	3,537,634	7,327,554	8,606,285	10,048,491	11,437,926	12,984,903	14,699,036	31,968,199
Total gross estate	4,251,085	3,537,634	7,327,554	8,606,285	10,048,491	11,437,926	12,984,903	14,699,036	31,968,199
Settlement expenses	(46,255)	(42,688)	(61,638)	(68,031)	(75,242)	(82,190)	(89,925)	(98,495)	(184,841)
Joint, personal and IRA to Eileen	(197,650)	(221,488)	(248,424)	(262,314)	(277,176)	(293,078)	(310,093)	(328,300)	(579,112)
Outright or in trust to Eileen	(507,180)	-	(7,017,493)	(3,275,940)	(4,696,073)	(10,062,658)	(11,584,885)	(13,272,240)	(30,204,246)
Taxable estate	3,500,000	3,273,457	-	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tax base	3,500,000	3,273,457	-	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Federal Estate Tax	-	-	-	-	-	-	-	-	-
Distribution of Gerald's estate									
Settlement expenses	46,255	42,688	61,638	68,031	75,242	82,190	89,925	98,495	184,841
To family trust	3,500,000	3,273,457	-	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Joint, personal and IRA to Eileen	197,650	221,488	248,424	262,314	277,176	293,078	310,093	328,300	579,112
Outright or in trust to Eileen	507,180	-	7,017,493	3,275,940	4,696,073	10,062,658	11,584,885	13,272,240	30,204,246
Total	\$ 4,251,085	\$ 3,537,634	\$ 7,327,554	\$ 8,606,285	\$ 10,048,491	\$ 11,437,926	\$ 12,984,903	\$ 14,699,036	\$ 31,968,199

Assumptions

We assume that Gerald dies first, followed immediately by Eileen.

Taxes under "Distribution of First Estate" include estate and income taxes.

SECOND ESTATE TAX ESTIMATION AND DISTRIBUTION - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Tax Calculation on Eileen's death									
Eileen's assets	246,117	204,811	424,229	498,261	581,757	662,199	751,761	851,000	1,850,798
Plus assets from Gerald's estate	704,830	221,488	7,265,917	3,538,253	4,973,248	10,355,736	11,894,979	13,600,540	30,783,358
Eileen's estimated estate	950,947	426,300	7,690,145	4,036,514	5,555,006	11,017,935	12,646,740	14,451,541	32,634,157
Settlement expenses	(34,509)	(29,263)	(101,901)	(65,365)	(80,550)	(135,179)	(151,467)	(169,515)	(351,342)
Eileen's taxable estate	916,437	397,037	-	3,971,149	5,474,456	10,882,755	12,495,272	14,282,025	32,282,815
Tax base	916,437	397,037	-	3,971,149	5,474,456	10,882,755	12,495,272	14,282,025	32,282,815
Federal Estate Tax	-	-	-	-	166,059	5,324,653	6,292,163	7,364,215	17,409,748
Total Estate Tax Due	-	-	-	-	166,059	5,324,653	6,292,163	7,364,215	17,409,748
Distribution of Eileen's estate									
Settlement expenses	34,509	29,263	101,901	65,365	80,550	135,179	151,467	169,515	351,342
Taxes	-	-	-	-	166,059	5,324,653	6,292,163	7,364,215	17,409,748
Qualified plan to heirs	167,443	194,477	225,023	240,775	257,629	275,663	294,960	315,607	600,042
Residual estate to heirs	748,994	202,560	7,363,220	3,730,374	5,050,767	5,282,439	5,908,149	6,602,203	14,273,025
Total	\$ 950,947	\$ 426,300	\$ 7,690,145	\$ 4,036,514	\$ 5,555,006	\$ 11,017,935	\$ 12,646,740	\$ 14,451,541	\$ 32,634,157

Assumptions

We assume that Gerald dies first, followed immediately by Eileen.

Taxes under "Distribution of Second Estate" include estate and income taxes.

SUMMARY OF BENEFITS TO FAMILY - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Benefits to Family									
Family trust	3,500,000	3,273,457	-	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Residual estate	748,994	202,560	7,363,220	3,730,374	5,050,767	5,282,439	5,908,149	6,602,203	14,273,025
Qualified plan assets	167,443	194,477	225,023	240,775	257,629	275,663	294,960	315,607	600,042
Total assets to heirs	\$ 4,416,437	\$ 3,670,494	\$ 7,588,244	\$ 8,971,149	\$ 10,308,396	\$ 6,558,102	\$ 7,203,109	\$ 7,917,810	\$ 15,873,067

DETAILS OF GERALD'S QUALIFIED PLAN - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Gerald's Qualified Plans									
Gerald's Age		58	59	60	61	62	63	64	78
Eileen's Age		54	55	56	57	58	59	60	74
Minimum distribution factor		38.7	37.8	36.8	35.8	34.9	33.9	33.0	20.3
Plan contributions		13,997	13,997	-	-	-	-	-	-
Plan balance	147,650	170,554	196,490	210,244	224,961	240,708	257,558	275,587	511,376
Minimum distribution		-	-	-	-	-	-	-	24,679
Preferred distribution	-	-	-	-	-	-	-	-	-
Actual distribution		-	-	-	-	-	-	-	24,679

DETAILS OF EILEEN'S QUALIFIED PLAN - EXISTING PLAN

YEAR	Current	2009	2010	2011	2012	2013	2014	2015	2029
Eileen's Qualified Plans									
Eileen's Age		54	55	56	57	58	59	60	74
Gerald's Age		58	59	60	61	62	63	64	78
Minimum distribution factor		42.6	41.6	40.7	39.7	38.7	37.8	36.8	23.8
Plan contributions		2,936	2,936	-	-	-	-	-	-
Plan balance	19,793	23,923	28,534	30,531	32,668	34,955	37,402	40,020	88,666
Minimum distribution		-	-	-	-	-	-	-	3,624
Preferred distribution	-	-	-	-	-	-	-	-	-
Actual distribution		-	-	-	-	-	-	-	3,624

DETAILED FINANCIAL ANALYSIS

GERALD AND EILEEN FITZSIMMONS

PROPOSED PLAN FINANCIALS

In the Proposed Plan Section you will find a balance sheet which reflects the repositioning of assets as set out in the step by step roadmap in the proceeding section. You will also find detailed cash flow and asset projection information on each of the proposed planning strategies.

NET WORTH STATEMENT AFTER PLAN IMPLEMENTATION

GERALD AND EILEEN FITZSIMMONS

	GERALD	EILEEN	JOINT	TOTAL	YIELD	GROWTH
CASH AND EQUIVALENTS						
Columbia Bank	18,971	-	-	18,971	2.0%	0.0%
Columbia Bank	2,509	-	-	2,509	2.0%	0.0%
Columbia Bank	25	-	-	25	2.0%	0.0%
Columbia Bank	-	4,529	-	4,529	2.0%	0.0%
Total of Cash and Equivalents	21,505	4,529	-	26,034	2.0%	0.0%
MARKETABLE SECURITIES - EQUITIES						
Citigroup	21,462	-	-	21,462	2.0%	5.0%
Total of Equities	21,462	-	-	21,462	2.0%	5.0%

REVISED NET WORTH STATEMENT (PAGE 2)

GERALD AND EILEEN FITZSIMMONS

	GERALD	EILEEN	JOINT	TOTAL	YIELD	GROWTH
CLOSELY HELD BUSINESS						
Fitzsimmons Corp (C-corp) (49.9%)(.1%)	3,390,468	6,795	-	3,397,263	0.0%	5.0%
Total Closely Held Business	3,390,468	6,795	-	3,397,263	0.0%	5.0%
RETIREMENT PLANS/IRAs						
SEP IRA	25,505	-		25,505	0.0%	7.0%
John Hancock 401(k)	122,145	-		122,145	0.0%	7.0%
John Hancock 401(k)	-	19,793		19,793	0.0%	7.0%
Total Retirement Plans	147,650	19,793		167,443	0.0%	7.0%

REVISED NET WORTH STATEMENT (PAGE 3)

GERALD AND EILEEN FITZSIMMONS

	GERALD	EILEEN	JOINT	TOTAL	YIELD	GROWTH
RESIDENTIAL REAL ESTATE						
12345 Main St	165,000	165,000	-	330,000	0.0%	3.0%
Total of Personal Residences	165,000	165,000	-	330,000	0.0%	3.0%
PERSONAL PROPERTY						
Personal Property	50,000	50,000	-	100,000	0.0%	0.0%
Total of Personal Property	50,000	50,000	-	100,000	0.0%	0.0%
TOTAL ASSETS	3,796,085	246,117	-	4,042,202		
TOTAL LIABILITIES	-	-	-	-		
NET WORTH	3,796,085	246,117	-	4,042,202		

ASSET VALUE PROJECTIONS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Asset Values									
Cash and cash equivalents	26,034	26,034	26,034	26,034	26,034	26,034	26,034	26,034	26,034
Marketable securities - Equities	21,462	(50,074)	1,412,197	2,947,171	4,475,795	5,999,779	7,617,031	8,533,348	26,214,044
Closely held business ¹	1,698,632	1,771,919	2,976,824	2,232,618	1,488,412	744,206	-	-	-
Retirement plans/IRAs	167,443	194,477	240,775	257,629	275,663	294,960	315,607	337,699	600,042
Personal residences	330,000	338,554	359,172	369,947	381,045	392,477	404,251	416,379	611,466
Personal property	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Note from children's GDOT	266,175	266,175	266,175	266,175	266,175	266,175	266,175	266,175	266,175
Total assets in estate	2,609,746	2,647,085	5,381,177	6,199,574	7,013,125	7,823,630	8,729,098	9,679,635	27,817,760
Less estimated liabilities ²	-	(1,000,000)	(800,000)	(600,000)	(400,000)	(200,000)	-	-	-
Combined net worth	\$ 2,609,746	\$ 1,647,085	\$ 4,581,177	\$ 5,599,574	\$ 6,613,125	\$ 7,623,630	\$ 8,729,098	\$ 9,679,635	\$ 27,817,760

¹ Assumes Gerald purchases remainder of Fitzsimmons Corp. 12/31/09 & sells Fitzsimmons Corp. over 5 yrs beginning in 2011.

² Assumes Gerald pays off loan over 5 years beginning in 2011.

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row by default.

If there is a cash flow shortage (because of spending or gifting capital) then the shortage is treated as a reduction in marketable securities.

TAXABLE INCOME PROJECTIONS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Sources of Taxable Income									
Cash and cash equivalents		521	521	521	521	521	521	521	521
Marketable securities - Equities		429	(580)	28,244	58,943	89,516	119,996	152,341	486,069
Sale of Fitzsimmons Corp (over 5 years)		-	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	-	-
Retirement plans/IRAs		-	-	-	-	-	-	-	28,303
Other taxable earnings-GDOT		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Distribution from CRT		-	-	-	-	-	-	954,757	1,086,603
Client earned income		100,829	-	-	-	-	-	-	-
Spouse earned income		45,507	-	-	-	-	-	-	-
Pension income ¹		-	-	-	-	-	-	-	9,864
Gross income	\$	176,060	\$ 1,931,457	\$ 1,961,857	\$ 1,994,211	\$ 2,026,521	\$ 2,058,825	\$ 1,147,843	\$ 1,687,208

¹ Eileen's Kmart Pension begins in 2019, assume no growth

INCOME TAX PROJECTIONS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Income Tax Estimation									
Adjusted gross income:									
Dividend income (Marketable Sec.)		429	(580)	28,244	58,943	89,516	119,996	152,341	486,069
Capital Gains from sale of Fitzsimmons Corp		-	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	-	-
Earned and other income		175,631	32,037	33,613	35,268	37,005	38,829	995,502	1,201,139
Adjusted gross income		176,060	1,931,457	1,961,857	1,994,211	2,026,521	2,058,825	1,147,843	1,687,208
Deductions									
State income taxes		7,042	77,258	78,474	79,768	81,061	82,353	45,914	67,488
Cash charitable gifts		1,300	1,379	1,421	1,463	1,507	1,552	1,599	2,348
LTCapGains property charitable gifts		1,747,600	1,641,143	1,061,706	473,149	-	-	-	-
Charitable Deduction available		1,748,900	1,642,522	1,063,126	474,612	1,507	1,552	1,599	2,348
Charitable Deduction allowed		54,118	580,816	589,978	474,612	1,507	1,552	1,599	2,348
Deduction carried over		1,694,782	1,061,706	473,149	-	-	-	-	-
Total deductions		61,160	658,075	668,452	554,380	82,568	83,905	47,513	69,836
Reductions		(93)	-	-	(54,822)	(55,792)	(56,761)	(29,431)	(45,612)
Deductions allowed		61,068	658,075	668,452	499,558	26,776	27,145	18,081	24,224
Taxable income		114,992	1,273,382	1,293,405	1,494,653	1,999,745	2,031,680	1,129,761	1,662,984
Federal and State income tax	\$	28,123	\$ 257,916	\$ 262,135	\$ 372,939	\$ 481,501	\$ 491,735	\$ 457,366	\$ 690,097

CASH FLOW PROJECTIONS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Sources of Income for Lifestyle									
Consumable income (taxable)		147,286	1,899,940	1,928,765	1,959,464	1,990,037	2,020,516	1,107,619	1,611,359
Cash from Loan ¹		1,000,000	-	-	-	-	-	-	-
Return of Basis on Fitzsimmons Corp		-	100,000	100,000	100,000	100,000	100,000	-	-
Total income available for lifestyle		1,219,748	1,999,940	2,028,765	2,059,464	2,090,037	2,120,516	1,107,619	1,611,359
Uses of Cash									
Living expenses		90,000	95,481	98,345	101,296	104,335	107,465	110,689	162,550
Income tax		28,123	257,916	262,135	372,939	481,501	491,735	457,366	690,097
Loan pay off		-	200,000	200,000	200,000	200,000	200,000	-	-
Purchase of Fitzsimmons Corp. ¹		1,000,000	-	-	-	-	-	-	-
Cash gifts to ILIT		326	-	-	-	-	-	-	58,419
Cash gifts to charity		1,300	1,379	1,421	1,463	1,507	1,552	1,599	2,348
Total uses of cash		1,219,748	557,276	564,401	678,198	789,843	803,252	572,154	915,914
Surplus	\$	-	\$ 1,442,665	\$ 1,464,364	\$ 1,381,266	\$ 1,300,194	\$ 1,317,264	\$ 535,465	\$ 695,446

¹ Assumes purchase date of 12/31/09 for Fitzsimmons Corp. transaction.

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row on the "Asset Value Projections" 3 pages earlier.

FIRST ESTATE TAX ESTIMATION AND DISTRIBUTION - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Tax calculation on Gerald's death									
Combined Net Worth	2,609,746	1,647,085	4,581,177	5,599,574	6,613,125	7,623,630	8,729,098	9,679,635	27,817,760
Gerald's estimated estate	2,450,847	1,546,799	4,302,244	5,258,634	6,210,473	7,159,452	8,197,612	9,090,273	26,124,027
Total gross estate	2,450,847	1,546,799	4,302,244	5,258,634	6,210,473	7,159,452	8,197,612	9,090,273	26,124,027
Settlement expenses	(37,254)	(32,734)	(46,511)	(51,293)	(56,052)	(60,797)	(65,988)	(70,451)	(155,620)
Joint, personal and IRA to Eileen	(197,650)	(221,488)	(262,314)	(277,176)	(293,078)	(310,093)	(328,300)	(347,781)	(579,112)
Outright or in trust to Eileen	-	-	-	(78,040)	(5,009,218)	(5,936,437)	(6,951,199)	(7,819,916)	(24,537,170)
Taxable estate	2,215,942	1,292,577	3,993,419	4,852,125	852,125	852,125	852,125	852,125	852,125
Plus Gerald's lifetime taxable gifts	147,875	147,875	147,875	147,875	147,875	147,875	147,875	147,875	147,875
Tax base	2,363,817	1,440,452	4,141,294	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tentative estate tax	-	-	-	-	-	-	-	-	-
Distribution of First Estate									
Settlement expenses	37,254	32,734	46,511	51,293	56,052	60,797	65,988	70,451	155,620
To family trust	2,215,942	1,292,577	3,993,419	4,852,125	852,125	852,125	852,125	852,125	852,125
Joint, personal and IRA to Eileen	197,650	221,488	262,314	277,176	293,078	310,093	328,300	347,781	579,112
Outright or in trust to Eileen	-	-	-	78,040	5,009,218	5,936,437	6,951,199	7,819,916	24,537,170
Total	\$ 2,450,847	\$ 1,546,799	\$ 4,302,244	\$ 5,258,634	\$ 6,210,473	\$ 7,159,452	\$ 8,197,612	\$ 9,090,273	\$ 26,124,027

Assumptions

We assume that Gerald dies first, followed immediately by Eileen.

Taxes under "Distribution of First Estate" include estate and income taxes, if any.

SECOND ESTATE TAX ESTIMATION AND DISTRIBUTION - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Tax Calculation on Eileen's death									
Eileen's assets	158,899	100,286	278,933	340,940	402,652	464,178	531,486	589,361	1,693,733
Plus assets from Gerald's estate	197,650	221,488	262,314	355,216	5,302,296	6,246,530	7,279,499	8,167,697	25,116,282
Eileen's estimated estate	356,549	321,774	541,247	696,156	5,704,948	6,710,708	7,810,985	8,757,059	26,810,015
Settlement expenses	(28,565)	(28,218)	(30,412)	(31,962)	(82,049)	(92,107)	(103,110)	(112,571)	(293,100)
Charitable gift of IRA	(167,443)	(194,477)	(240,775)	(257,629)	(275,663)	(294,960)	(315,607)	(337,699)	(600,042)
Charitable deduction from TCLAT	-	-	-	-	(4,495,110)	(5,471,516)	(6,540,143)	(7,454,663)	(25,064,748)
Taxable estate	160,540	99,079	270,059	406,565	852,125	852,125	852,125	852,125	852,125
Plus Eileen's lifetime taxable gifts	147,875	147,875	147,875	147,875	147,875	147,875	147,875	147,875	147,875
Tax base	308,415	246,954	417,934	554,440	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Federal Estate Tax	-	-	-	-	-	-	-	-	-
Distribution of Second Estate									
Settlement expenses	28,565	28,218	30,412	31,962	82,049	92,107	103,110	112,571	293,100
Taxes	-	-	-	-	-	-	-	-	-
Other gifts to charity	167,443	194,477	240,775	257,629	275,663	294,960	315,607	337,699	600,042
Residual estate to heirs	160,540	99,079	270,059	406,565	852,125	852,125	852,125	852,125	852,125
Contribution to TCLAT	-	-	-	-	4,495,110	5,471,516	6,540,143	7,454,663	25,064,748
Total	\$ 356,549	\$ 321,774	\$ 541,247	\$ 696,156	\$ 5,704,948	\$ 6,710,708	\$ 7,810,985	\$ 8,757,059	\$ 26,810,015

Assumptions

We assume that Gerald dies first, followed immediately by Eileen.

Taxes under "Distribution of Second Estate" include estate and income taxes, if any.

SUMMARY OF BENEFITS TO FAMILY - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Benefits to Family									
Residual estate	160,540	99,079	270,059	406,565	852,125	852,125	852,125	852,125	852,125
Family trust	2,215,942	1,292,577	3,993,419	4,852,125	852,125	852,125	852,125	852,125	852,125
Excess FLP value	159,250	166,121	183,148	192,306	201,921	212,017	222,618	233,749	440,768
Value of GDOT	295,750	308,510	340,132	357,139	374,996	393,746	413,433	434,105	818,569
Proceeds from ILIT	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
NPV of TCLAT benefits to children	-	-	-	-	6,682,726	8,134,316	9,723,008	11,082,593	37,262,904
Total assets to heirs	\$ 12,831,483	\$ 11,866,287	\$ 14,786,759	\$ 15,808,135	\$ 18,963,893	\$ 20,444,328	\$ 22,063,308	\$ 23,454,697	\$ 50,226,491

FAMILY LIMITED PARTNERSHIP DETAILS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Balance Sheet									
LP Assets									
Other Investments	455,000	474,631	523,281	549,445	576,917	605,763	636,051	667,853	1,259,337
Total	455,000	474,631	523,281	549,445	576,917	605,763	636,051	667,853	1,259,337
Assets in FLP	\$ 455,000	\$ 474,631	\$ 523,281	\$ 549,445	\$ 576,917	\$ 605,763	\$ 636,051	\$ 667,853	\$ 1,259,337
Discounted value of FLP interests	295,750	308,510	340,132	357,139	374,996	393,746	413,433	434,105	818,569
Difference between FLP asset value and discounted LP value	159,250	166,121	183,148	192,306	201,921	212,017	222,618	233,749	440,768

FAMILY LIMITED PARTNERSHIP DETAILS - PROPOSED PLAN

Partnership Cash Flow	Current	2009	2011	2012	2013	2014	2015	2016	2029
Income									
Other Investments		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Total Income		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Expenses									
Net Income to Distribute		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Taxable Income	Current	2009	2011	2012	2013	2014	2015	2016	2029
Other Investments		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Taxable Income		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848

GRANTOR DEEMED OWNER TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
GDOT Balance Sheet									
LP Units	295,750	308,510	340,132	357,139	374,996	393,746	413,433	434,105	818,569
Net equity	\$ 295,750	\$ 308,510	\$ 340,132	\$ 357,139	\$ 374,996	\$ 393,746	\$ 413,433	\$ 434,105	\$ 818,569
GDOT Income Tax Estimation									
Other Investments		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Total earnings		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
GDOT Cash Flow									
Cash distributed to ILIT for Life Ins		(28,774)	(31,517)	(33,092)	(34,747)	(36,484)	(38,309)	(40,224)	(75,848)
Cash flow from LP units		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Cash flow to reinvest		-	-	-	-	-	-	-	-

IRREVOCABLE LIFE INSURANCE TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Distribution from GDOT		28,774	31,517	33,092	34,747	36,484	38,309	40,224	75,848
Cash gift to new ILIT	326	326	-	-	-	-	-	-	58,419
Total outlay to ILITs	326	29,100	31,517	33,092	34,747	36,484	38,309	40,224	134,267
Premium		29,100	29,100	29,100	29,100	29,100	29,100	29,100	134,267
	-								
Net death benefit from new ILIT	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total potential death benefit	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

CHARITABLE REMAINDER TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
New Flip-CRUT									
EOY value	10,000,000	10,603,253	12,139,664	12,989,440	13,898,701	14,871,610	15,912,623	16,071,749	18,291,150
Trust distribution		-	-	-	-	-	-	954,757	1,086,603
Payout year									
Charitable income tax deduction		1,747,600							
Total of all CRTs	10,000,000	10,603,253	12,139,664	12,989,440	13,898,701	14,871,610	15,912,623	16,071,749	18,291,150

TESTAMENTARY CHARITABLE LEAD TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Charitable Lead Annuity Trust									
Balance Sheet									
Tot. value of TCLAT assets	-	-	-	-	4,495,110	5,471,516	6,540,143	7,454,663	25,064,748
Annual payment to charity if death occurs in the column year	-	-	-	-	229,701	279,595	334,203	380,935	1,280,813
Benefits to Charity									
NPV of TCLAT income distributions*	-	-	-	-	4,495,110	5,471,516	6,540,143	7,454,663	25,064,748
Total of TCLAT distributions*	-	-	-	-	5,742,524	6,989,887	8,355,064	9,523,367	32,020,333
Benefits to Children									
Future Benefits to Heirs from TCLAT*	-	-	-	-	13,992,144	17,031,451	20,357,819	23,204,489	78,020,245
NPV of benefits to children*	-	-	-	-	6,682,726	8,134,316	9,723,008	11,082,593	37,262,904

BENEFITS TO FITZSIMMONS FAMILY CHARITY - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Charitable remainder trusts	10,000,000	10,603,253	12,139,664	12,989,440	13,898,701	14,871,610	15,912,623	16,071,749	18,291,150
Charitable gift of IRA	167,443	194,477	240,775	257,629	275,663	294,960	315,607	337,699	600,042
NPV of TCLAT income distributions	-	-	-	-	4,495,110	5,471,516	6,540,143	7,454,663	25,064,748
Total benefits to foundation	\$ 10,167,443	\$ 10,797,730	\$ 12,380,439	\$ 13,247,070	\$ 18,669,474	\$ 20,638,086	\$ 22,768,373	\$ 23,864,112	\$ 43,955,940

DETAILS OF GERALD'S QUALIFIED PLAN - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Gerald's Qualified Plans									
Gerald's age		58	60	61	62	63	64	65	78
Eileen's age		54	56	57	58	59	60	61	74
Minimum distribution factor		38.7	36.8	35.8	34.9	33.9	33.0	32.0	20.3
Securities in plans	147,650	156,557	210,244	224,961	240,708	257,558	275,587	294,878	511,376
Plan contributions		13,997	-	-	-	-	-	-	
Plan balance during life	147,650	170,554	210,244	224,961	240,708	257,558	275,587	294,878	511,376
Plan balance at death of survivor	147,650	170,554	210,244	224,961	240,708	257,558	275,587	294,878	511,376
Minimum distribution		-	-	-	-	-	-	-	24,679
Actual distribution		-	-	-	-	-	-	-	24,679

DETAILS OF EILEEN'S QUALIFIED PLAN - PROPOSED PLAN

YEAR	Current	2009	2011	2012	2013	2014	2015	2016	2029
Eileen's Qualified Plans									
Eileen's age		54	56	57	58	59	60	61	74
Gerald's age		58	60	61	62	63	64	65	78
Minimum distribution factor		42.6	40.7	39.7	38.7	37.8	36.8	35.8	23.8
Securities in plans	19,793	20,987	30,531	32,668	34,955	37,402	40,020	42,821	88,666
Plan contributions		2,936	-	-	-	-	-	-	-
Plan balance during life	19,793	23,923	30,531	32,668	34,955	37,402	40,020	42,821	88,666
Plan balance at death of survivor	19,793	23,923	30,531	32,668	34,955	37,402	40,020	42,821	88,666
Minimum distribution		-	-	-	-	-	-	-	3,624
Preferred distribution	-	-	-	-	-	-	-	-	-
Actual distribution		-	-	-	-	-	-	-	3,624

FAMILY INFORMATION

GERALD AND EILEEN FITZSIMMONS

CLIENTS

Gerald Fitzsimmons	Date of Birth	December 18, 1950
Eileen Fitzsimmons	Date of Birth	November 17, 1954
12345 Main St		

CHILDREN

CHILD'S NAME	DATE OF BIRTH	SPOUSE'S NAME
Gerald J. Fitzsimmons III	December 22, 1981	
Bria J. Fitzsimmons	November 27, 1983	
Eric Altman	December 5, 1974	
Bradley Altman	October 10, 1978	

GRANDCHILDREN

NAME	AGE
Ty Altman	2
Logan Altman	9

PLAN ASSUMPTIONS

GERALD AND EILEEN FITZSIMMONS

The plan is based on numerous assumptions. Important among these are the yield and growth assumptions contained on the balance sheet in the Financial Analysis section. Other important assumptions are contained on this Plan Assumptions page.

Tax Rate Assumptions

State Income Tax Rate

4%

State Inheritance - Estate Tax

No state estate tax

Tax on IRD

Unless a qualified plan is given to charity, we assume the beneficiary designations are changed to provide for a stretch out distribution.

7520 Rates

Highest rate

2.5% January, 2009

Current rate

2.0% February, 2009

Lowest rate

2.0% February, 2009

Long Term AFR Rate

3.0% February, 2009

Annual increase in Gerald's earned income

2%

Number of years Gerald's income is expected to continue

2

Annual increase in Eileen's earned income

0%

Number of years Eileen's income is expected to continue

2

Lifestyle Need Assumptions

Net annual outlay for Gerald and Eileen's lifestyle needs, not including gifts or income taxes

\$90,000

Annual cost of living increase used in the plan

3%

Settlement and Administrative Expenses

Fixed estate settlement costs

\$25,000

Variable estate settlement costs, 1st death

0.50% (of assets)

Variable estate settlement costs, 2nd death

1.00% (of assets)

DISCLAIMER AND DISCLOSURE

GERALD AND EILEEN FITZSIMMONS

InKnowVision, LLC does not give tax, accounting or legal advice to its clients. The effectiveness of any of the strategies described will depend on your individual situation and on a number of complex factors.

You should consult with your other advisors on the tax, accounting, and legal implications of these proposed strategies before any strategy is implemented.

Any discussion in this presentation relating to tax, accounting, investments, regulatory, or legal matters is based on our understanding as of the date of this presentation. Rules in these areas are constantly changing and are open to varying interpretations.

Assumption Issues The plan involves numerous assumptions. While we believe that these assumptions are reasonable, it is important to understand that it is a virtual certainty that the actual results will differ from those illustrated. Returns on investment and performance of financial products can cause the results to vary. Changes in tax, trust or property laws can cause plan results to vary. Plan implementation that differs from that described in the plan will cause the results to vary. Provision of state law may cause the plan results to vary.

Tax Opinions The IRS has recently issued new rules for tax practitioners regarding covered opinions, reliance opinions and marketed opinions. While this is an arcane area, suffice it to say that these opinions are often obtained by taxpayers for purposes of avoiding penalties. These opinions are obtained at substantial cost and after substantial legal analysis. If you believe that such an opinion would be helpful to you prior to entering into any of the transactions outlined in this plan, you should feel free to do so.

Be advised that nothing in this analysis should be construed by you, your advisors or any one else as a covered opinion, reliance opinion, marketed opinion or any other type of opinion regarding any of the transactions or outcomes outlined in this plan.

APPENDIX

GERALD AND EILEEN FITZSIMMONS

Many of our clients like to read about some of the strategies that we have recommended. Both as further education and as a reminder of the main points involved in the strategies.

The appendix material that follows includes information about the planning strategies recommended. Not all strategies are included. Only those that likely require additional explanation.

Naturally, we are always happy to answer your questions or review the details of a particular strategy with you at any time.

Charitable Remainder Unitrust (CRT) - This trust allows an individual or couple to make a gift, or a series of gifts, normally of appreciated assets, receive a charitable income tax deduction for the present value of the gift and to receive an income stream of a percentage that is based on the value of the trust assets. All types of CRTs have a minimum payout percentage of 5%. The trust is based on the life expectancy of the grantor or a term of years no greater than twenty. When the last income beneficiary dies or at the end of the term, the remainder passes to the charitable beneficiary.

TCLAT - A testamentary charitable lead annuity trust is established at the death of the grantor. It pays a fixed annuity percentage to charity for a period of time then the remaining assets are transferred to the grantor's beneficiaries. Most TCLATs are structured to create a "zero" transfer tax and are often used to eliminate any estate tax that would be due from the grantor's estate.

Charitable Life Estate - Client makes a gift to a charity of his residence and retains all rights and obligations of property ownership for his life. Client receives an immediate charitable income tax deduction for the present value of the gift to charity. At death, the house passes to the designated charity and is removed from the estate of the donor.

Private Foundations - A private foundation is a specific type of charity that is established and operated usually by one family. The entity can be a trust or a corporation and the family may have 100% control of the board, make all of the investment decisions and all charitable grants. Private foundations must distribute 5% of its assets annually. There are also strict guidelines as to what type of investments may be owned and there are special limitations as to the amount of charitable income tax deductions are available for contributions.

Family Charity Plan - Client establishes a family limited partnership that is designed to minimize the typical discounting that is normally associated with partnership planning. Client funds the partnership and then donates the limited partnership interests to designated charities. Client receives a significant income tax deduction and maintains investment control over partnership assets. Often client has a right to borrow from the partnership. Also, client generally makes an annual distribution to the charities from the partnership, normally 1% of assets.

Supporting Organizations (SOs) - SOs are similar to private foundations but are actually public charities that can be established by private families. Because they are technically public charities, the higher charitable income tax deduction rules for public charities apply. Unlike private foundations, however, SOs require that a private family may not have absolute control of the board. That is, if the board is to have 5 members, the family can only have a maximum of 2 of those members. SOs are not required to pay excise taxes, nor are they required to distribute 5% of their assets annually. Instead, they must distribute 85% of their income.

Bargain Sales - A bargain sale occurs when a donor transfers property to a charity for less than the full fair market value of the property or when the charity pays some portion of the value for property it receives. The donor only receives a tax deduction for the contributed portion of the property.

Charitable Remainder Annuity Trust (CRAT) - This trust allows an individual or couple to make a single gift, normally of appreciated assets, receive a charitable income tax deduction for the present value of the gift and to receive an income stream of a fixed percentage of the original value of the contribution of trust assets. The trust is based on the life expectancy of the grantor or a term of years no greater than twenty. When the last income beneficiary dies or at the end of the term, the remainder passes to the charitable beneficiary.

Gift Annuity - A gift annuity is a form of a bargain sale. A donor transfers property to a charity in exchange for a fixed income stream that will last for the life expectancy of the donor. A charitable income tax deduction for the present value of the gifted property is allowed. The charity is liable and responsible for the payment of the annuity income stream.

Net Income with Makeup Unitrust (NIMCRUT) - This is a special type of charitable remainder unitrust (see above) wherein the trust distributes the "net income" that the trust assets earn within the trust. If the trust does not earn enough income to pay the stated income percentage payout, the trust creates an "IOU" account that it can pay at a later date when the assets earn more income. These trusts are often used when a donor has other income currently but would like income later such as during their retirement. Trust assets can be managed to produce income or not.

Flip Charitable Remainder Unitrust (Flip CRT) - This type of CRT operates like a NIMCRUT when it is originally established, paying out only the income it earns at a set percentage. At some triggering event in the future, the FLIP CRT changes character and operates like a standard CRT (SCRUT) whereby it pays out a fixed percentage of its annual valuation. This type of CRT is often used when a gift that produces little current income (such as land) is transferred before it is sold. Upon sale, the proceeds are reinvested and the CRT begins paying its regular percentage.

Charitable Lead Unitrust (CLUT) - This trust operates very much like the CLAT. However, while the percentage payout remains fixed, the trust's distribution amount varies depending on the value of the trusts assets which are computed annually. Because of this, the CLUT cannot have a "zero" gift amount as there will always be some calculated remainder that passes to the heirs. CLUTs are often used for gifts to grandchildren or other "skip generations" because the generation skipping tax amount can be calculated when the trust is first established.

Charitable Lead Annuity Trust (CLAT) - This trust distributes income to charity over the life of the donor or for a period of years. At the end of the trust term, the trust assets are either distributed back to the grantor or to heirs. These trusts are used to either transfer assets to heirs with little or no gift tax or to create a different way to make gifts if the grantor has already used significant charitable income tax deductions. CLATs have no minimum payout percentage.

Donor Advised Funds (DAF) - A DAF is a special account established at a Community Foundation. It allows a donor to make a gift of property without specifying the final charitable purpose for the gift. Donors often are allowed to maintain money management responsibility for the DAF and can also direct the Community Foundation as to where the charitable funds are ultimately distributed. The Community Foundation is not technically bound to direct the funds to the donor's selection but as a practical matter most follow the donor's wishes. DAFs have no annual minimum requirement for distribution and are usually inexpensive to establish.

Limited Liability Company/Charitable Remainder Trust (LLC/CRT) - In this strategy a gift of appreciated property is made to an LLC. The LLC then gifts the property to a CRT in exchange for the income interest. The LLC is then sold to a Grantor Deemed Owned Trust (GDOT) in exchange for a note. Because of the fact that the LLC only owns the income stream due from the CRT, and the LLC has restrictions on marketability and liquidity, the "discount" available for the sale to the GDOT should be substantial.

Family Limited Partnership (FLP) - FLPs are a form of business entity that can be utilized to facilitate the transfer of assets. Ownership interests are divided into General Partner (GP) and Limited Partner (LP) shares. GPs maintain control of the entity even though they may own a small percentage of the total FLP. LP interests have ownership but no control. Because the LPs have no control over their interests FLPs often receive significant valuation adjustments when valued by appraisers. This allows the LP units to be transferred or sold at less than their full monetary value. FLPs also enjoy strong creditor protection and are therefore effective for family asset protection purposes.

Long Term Care Insurance (LTC) - This type of insurance is meant to protect families from the catastrophic costs of care due to a prolonged illness. Coverage is usually provided as a “per day” cost and many policies feature various riders that protect against inflation. Coverage applies not only for nursing home and rehabilitation facilities but for home health care costs as well. Policies can be structured so that they are paid for over a lifetime or for a period of years. Some policies refund the premiums that have been paid at the death of the insured. LTC is income tax deductible to C Corporations and owners of those corporations may “discriminate” as to which employees are covered.

Walton Grantor Retained Annuity Trust (Walton GRAT) - In a typical GRAT assets are transferred to a trust and the grantor of the trust receives an income stream for a period of years. What is left in the trust at the end of its term is transferred to beneficiaries, normally the grantor’s heirs. The normal structure of a GRAT is meant to use “leverage” to reduce or eliminate the taxable gift to the heirs from the GRAT. This type of normal GRAT causes all of the GRAT assets to be included in the grantor’s estate if the grantor dies during the GRAT period. The Walton GRAT provides an exception to this rule, thereby allowing GRAT payments to continue after death and the GRAT assets not reverting to the grantor.

Revocable Living Trust (RLT) - A foundational document of most estate plans, the RLT is a trust that is established by an individual for the purpose of holding and managing the assets of the individual. The trust is a non-entity for income tax purposes. That is, the grantor of the trust is still responsible to report and pay the income tax due on any trust assets. RLTs are also effective in the event of a disability or incompetence of the grantor, in that they name a successor trustee who can step in to the shoes of the grantor without a court proceeding. RLTs are often established in order for the grantor’s estate to avoid probate. Further, a properly drafted RLT can be utilized to take advantage of the estate exemption in order to minimize estate taxes.

Preferred Limited Partnership (LP) - This type of LP creates two different classes of limited partner. LP units are allocated between “common” and “preferred” classes. The common interests are generally entitled to receive any of the growth associated with the underlying assets of the LP. The preferred receive a stated percentage income return, e.g. 5%. Because of the possible disparity of return between the two types of units often have different values when appraised. This allows the General Partner of the LP to make different decisions as to the ultimate disposition of the two types of interests. This type of LP can provide substantial planning leverage for the appropriate estate.

Life Insurance - While life insurance has been available for a very long time it is often dismissed. However, properly structured life insurance can add an element of safety and certainty to most estate plans. Life insurance death benefits are generally income tax free and policies that are properly owned outside of the estate can also be estate tax free. Many policies have guarantees that will keep the policy in force as long as premiums are paid in a timely fashion, regardless of interest rate or company mortality fluctuations.

Rent to Own - This strategy couples a short term Qualified Personal Residence Trust (QPRT) with an Irrevocable Life Insurance Trust (ILIT). The ILIT is a beneficiary of the QPRT and at the termination of the QPRT term receives premium payments in the form of rental income. This allows the client to pay large insurance premiums without annual gifting, Crummey notices or income tax consequences.

Life Settlements - This strategy involves the sale of a life insurance policy to an independent third party. There are many reasons to consider this type of transaction. The client may no longer need the insurance; the policy may be in danger of lapsing while the client is unwilling or unable to make the necessary premium payments; or there may be newer, more appropriate and cost effective insurance needed for the clients' current circumstances.

529 Plans - 529 Plans represent a special section of the tax code which has been enacted to encourage the funding of post high school education. Each state has its own plan but individuals may choose the plan of any state they wish to use. 529 plans allow an individual to establish an investment account for themselves or for another person (normally children or grandchildren). Investment returns grow on a tax free basis and, if utilized for post high school educational purposes, remain tax free. While the funds are generally out of the estate of the grantor of the plan, the grantor may take them back at any time. While they will have to pay income tax as well as a 10% penalty on the earnings, it is often reassuring to have the knowledge that the funds are retrievable in the event of an economic emergency. The law further allows the grantor to make five years of gifts to the 529 plan in one year. That is, \$60,000 can be deposited currently in a plan for the benefit of another, and then the grantor must wait until the sixth year to make any additional deposits.

Family Limited Liability Company (FLLC) - Much like the FLP, a FLLC is a type of business entity that provides for the centralized pooling and management of family assets. Owners of FLLC units are considered "members" and there is usually a single "managing member". FLLCs are a relatively new form of entity and there is less case law regarding their uses and nuances when compared to FLPs. However, many jurisdictions have passed favorable FLLC statutes and therefore the FLLC should be carefully considered in the proper jurisdiction.

Crummey Powers - Most traditional life insurance trusts contain what are known as "Crummey Powers" which grant the beneficiaries of the trust the right to withdraw money that has been contributed to the trust (normally to pay insurance premiums), for a period of time. This allows the contribution to be a gift of a "present interest" and therefore qualify for the application of the annual exclusion. The name "Crummey" power derives from the court case that originally challenged and won on this principle.

Jurisdictional Trusts - These trusts are normally established because of the favorable laws of a specific jurisdiction. These could be any type of trust, revocable or irrevocable, grantor or non-grantor. What's important is that the specific legal foundation of the jurisdiction is favorable for the application sought. These could be state specific, i. e. Delaware for asset protection or Dynasty provision, or could even be international such as Cook Islands or Nevis for asset protection.

Succession Planning - This is the process by which the owner of a closely held business determines who will take over the business and how and when the transition will take place. While not necessarily a codified estate planning “technique” a business without an organized succession plan will be more likely to fail and have to be sold or liquidated. The economic result to the family may be different than planned for or anticipated.

Grantor Retained Annuity Trust (GRAT) - The GRAT transaction entails the transfer of assets to a trust whereby the grantor retains an income from the trust for a period of years and the remainder transfers to beneficiaries at the end of the trust term. The “remainder” is calculated using IRS tables and is considered a gift to the remainder beneficiaries. Therefore, many GRATs are structured to produce a “zero” gift and hope to take advantage of the possible arbitrage of the return of the assets in the GRAT compared to the IRS rates utilized to calculate the trust remainder. The disadvantage of the regular GRAT transaction is that if the grantor dies during the trust period, all of the assets in the GRAT are included back in the grantors estate.

Sale for Installment Note - This transaction is normally coupled with other techniques to improve the results. Often a family will use an FLP or FLLP and sell interests that have been appraised at a reduced value because of lack of liquidity and marketability. The buyer is often a trust for the beneficiaries, which purchases the discounted assets for the installment note. While the note is in the estate of the seller, it is usually of less value than the assets that have been sold. The note can be structured to be paid as “interest only” or it may be amortized.

Gifting - A simple way to transfer assets to beneficiaries. An individual may currently gift \$11,000 of property to any other individual, annually (\$12,000 beginning in 2006). Further, every individual can currently give away up to \$1 million of assets during their lifetime without incurring gift taxes. Making gifts of property that is discounted in some way can be advantageous in transferring more than the statutory amount.

Annuity Withdrawal - Often families ignore the funds that clients have in commercial annuities. Since funds are accumulating on a tax-deferred basis, this is often a logical approach. However, since annuities remain in the estate of the owner and are therefore subject to estate tax and income in respect of a decedent tax, it is often advisable to begin a systematic program of annuity withdrawal. Frequently the after-tax proceeds of the withdrawal can be utilized to subsidize lifestyle or to purchase life insurance to replace the dollars that would be lost to the double taxation of the annuity.

Dynasty Trust - This type of trust allows assets that are contributed to the trust to remain in the trust for multiple generations. Because of this provision, the trust assets will pass outside of the estate tax system and will also be protected from the claims of a trust beneficiary’s creditors. This type of irrevocable trust must be established in a jurisdiction that allows multi-generational trusts.

Premium Finance - When purchasing life insurance, many families face the possibility of making taxable gifts because the amount of the premium exceeds the amount of annual gifting available to the insured. Using the option of premium financing may alleviate this problem. Funds are provided by a third party lender who pays the premium. The insured usually pays only the interest on the borrowed funds while the principal of the loan accumulates and is often repaid from the insurance proceeds at the insured's death. While complicated, premium financing can be an interesting solution for funding large policies.

Buy-Sell Agreements - This type of contract is normally associated with the owners of a closely business to allow for the disability, abandonment of the business, or untimely death of any of the owners. The agreements describe the provisions by which an owner's share of the business will be redeemed. Buy-sells can be funded with disability and life insurance or they may be unfunded and, therefore, rely on the cash flow of the business to fund the buy out. Providing liquidity for the estate of the business owner is often the reason for the formation and execution of a buy-sell.

Irrevocable Life Insurance Trust (ILIT) - In many estate plans, it is best to own life insurance outside of the taxable estate. The ILIT is the most common and flexible form of trust to accomplish this function. The ILIT will be the owner and beneficiary of one or more life insurance policies and will obligated to pay the premiums, collect the proceeds at death and distribute the funds to beneficiaries per the provisions of the trust. This is a good way to engage professional management in the management and oversight of the trust funds. ILITs may be established as Dynasty Trusts, if so desired.

Asset Protection - This is a broad category of planning which may involve one or more different strategies. Each of the techniques seeks to provide insulate assets from the attack of creditors. Various trusts, FLPs, FLLCs and other entities may be considered for asset protection. Further, there are choices of jurisdiction both domestic and foreign that may provide favorable environments for asset protection. Those in high risk profession or those with high risk assets generally fit the profile for implementing asset protection strategies.

Intra Family Loans - A simple solution that allows family members to make loans at the current Applicable Federal Rate (AFR), this strategy allows for possible arbitrage gains when the AFR is low relative to long term investment results. Furthermore, it is often possible for discounts to apply to the value of the notes in the event of the death of the lender.

Corporate Recapitalization - Many closely held companies only have one class of stock, known as common voting stock. When considering options for estate planning, the closely held company stock often represents a major portion of the estate. In order to facilitate transfer while retaining control of the company, it is possible to "recapitalize" the company by redeeming the outstanding shares and issuing new shares which are divided between "voting" and "non-voting" shares. The non-voting shares are then transferred by sale or gift and because of their non-voting status appraisals often reflect a greatly reduced value for these shares. Recapitalizations are available to S corporations as well as C corporations.

Self Canceling Installment Note (SCIN) - Like other installment notes, the SCIN originates when assets are sold. As the name implies the SCIN obligation is cancelled when the obligation is fully paid or at the death of the seller. Because of the self-canceling feature of the SCIN, the seller receives a “premium” amount that is higher than a normal installment obligation. The premium is reflected in one of two ways; either more principal is added to the balance or a higher (than current federal tables) interest rate is applied to the obligation. SCINs may be effective in circumstances where the seller is not expected to live to their IRS computed life expectancy.

Grantor Deemed Owned Trust (GDOT) - This type of trust has several unique properties that make it a very powerful estate planning tool. First, when assets are transferred to the trust either by gift or by sale, they are removed from the estate of the grantor. Second, the assets in the GDOT remain income taxable to the grantor of the trust. While this may not seem like a positive attribute, the grantor’s recognition and payment of the income taxes essentially allows the assets in the GDOT to grow free of income taxes outside of the estate. This can greatly increase the ultimate value of the assets transferred to the trust.

Offshore Captive Planning - Business owners often have risks that are either under-insured or are too expensive to insure. Those who have excess taxable income may choose to establish their own insurance entity, known as a “Captive.” These are most done in international jurisdictions since the tax laws favor this type of arrangement. These structures are very complex and require specialized planning but can also provide very favorable income and estate tax benefits.

Qualified Personal Residence Trust (QPRT) - This technique involves transferring a residence by gift to a trust for a period of years. Normally, a gift tax return is filed for the year that the QPRT is funded. At the end of the trust period, the residence becomes the property of the beneficiaries of the trust. Because the gift is made currently and vests in the beneficiary at a later date, there is a discount on the value of the transfer which is calculated utilizing IRS tables. One risk of the QPRT is if the transferor dies during the QPRT term, the house reverts to the estate of the transferor. After the QPRT terminates, the transferor should pay rent to the transferees as in any other commercial transaction.

Leveraged Roth Conversions - Under certain circumstances it is possible to convert a traditional IRA account to a Roth IRA. This may be an effective strategy, though it requires the payment of income taxes on the converted amount. Use of borrowed funds to pay taxes can make this a very strong strategy.

Employee Stock Ownership Plans (ESOP) - Closely held businesses often have no clear exit strategy. An ESOP can provide a ready market since the ESOP effectively sells a portion of the company stock to a qualified plan which must include the employees of the company. The owner may receive property which will allow a diversification of his assets that have been concentrated in their own company. ESOPs take many forms and are often complex transactions.

412(i) - This type of defined benefit pension plan is structured to allow the investments in the plan to be either life insurance and/or commercial annuities. Normally these products are designed to produce a low guaranteed rate of return which causes the annual contribution and, therefore, the income tax deduction to the participants in the plan, to be relatively high. 412(i) may be appropriate for an older business owner who has few employees.

IRA Maximizer - This strategy is for those individuals who have significant balance in their IRA (or other qualified plan) and who do not need the funds to live on. Normally, the IRA invests all or some of its assets in a newly formed family limited partnership (flp) and the flp invests all or some of its assets in a restricted management account (rma). The result of the transaction is that there will be a reduction in appraised value of the account because of the illiquid nature of the rma and the flp. By structuring the transaction properly, the IRA owner may reduce income taxes on required minimum distributions and estate taxes because of the reduction in appraised value.

Limited Partnership Owned Life Insurance - An alternative to owning life insurance in an irrevocable life insurance trust (ILIT), families often use a Limited Partnership. This is normally done as one step in a transaction whereby the limited partnership units will be sold or otherwise transferred out of the estate of the insured. Further, there are usually other assets contributed to the partnership that will fund the insurance premiums. Done properly, the life insurance death benefit can remain outside of the estate of the insured while some degree of control through the control granted by retaining the General Partner interest.

Family Bank - a combination of strategies that may include an LLC and/or a multi-generational irrevocable trust. The purpose of the family bank is to create an entity that will allow several generations of family members to have access to wealth for various purposes but also with a great degree of monitoring and supervision. A family bank may lend money to an heir to purchase a home or to start a business but will first assess the appropriateness of the transaction against a set of guidelines that have been drafted into the formation documents.