

Estate Planning Nirvana

OPPORTUNITY FINDER - ESTATE PLANNING FOR HIGH-NET-WORTH CLIENTS TO SHIELD AGAINST TAXATION

Wealth transfer advisors agree that NOW is an unusually good time for wealthy clients to pull the trigger on implementing an estate planning strategy to shield family wealth from taxation.

CLIENT PROFILE:

- Married couple, both age 65
- Husband still running a successful business
- Current net worth of \$30M projected to grow to over \$60M at joint life expectancy
- No significant estate planning done
- Starting to worry that changes in Washington will create a more substantial exposure to estate taxes

WHY DOES THIS PLAN WORK NOW?

A confluence of factors, including:

- Record low interest rates
- Record high estate tax exemptions
- Suppressed asset values (in pockets)
- Future tax increases on the horizon

BY THE NUMBERS

Year	Ages	Cal Year	Inv. Portfolio @ 4.0%	Cash & Personal Property @ 1.0%	Business @ 4.0%	Total Estate Value
1	65/65	2020	5,000,000	10,000,000	15,000,000	30,000,000
2	66/66	2021	5,200,000	10,100,000	15,600,000	30,900,000
3	67/67	2022	5,408,000	10,201,000	16,224,000	31,833,000
4	68/68	2023	5,624,320	10,303,010	16,872,960	32,800,290
5	69/69	2024	5,849,293	10,406,040	17,547,878	33,803,211
16	80/80	2035	9,004,718	11,609,690	27,014,153	47,628,560
17	81/81	2036	9,364,906	11,725,786	28,094,719	49,185,411
18	82/82	2037	10,129,083	11,843,044	29,218,507	50,801,054
19	83/83	2038	10,129,083	11,961,473	30,387,248	52,477,805
20	84/84	2039	10,584,246	12,081,090	31,602,738	54,218,073
21	85/85	2040	10,955,616	12,201,900	32,866,847	56,024,363
22	86/86	2041	11,393,840	12,323,919	34,181,521	57,899,281
23	87/87	2042	11,849,594	12,447,159	35,548,782	59,845,534
24	88/88	2043	12,323,578	12,571,630	36,970,733	61,865,941
25	89/89	2044	12,816,521	12,697,346	38,449,562	63,963,430

Tax Regime	Projected Liability
Exemption: \$11,580,000 (CPI Rate: 1.64%)	\$11,897,372
Exemption: \$5,790,000 (CPI Rate: 1.64%)	\$18,741,372
Exemption: \$3,500,000 (CPI Rate: 1.64%)	\$21,449,372

ADVANCED MARKETS



Client Profile for Ideas:

- Net worth over \$50M
- Ages 50+
- Business Owners/
Entrepreneurs
- Less Liquid

THREE IDEAS RELEVANT TO THE TIMES FOR WEALTHY CLIENTS

Idea #1 - Cash Gift with Exemption

- Captures exemption if "use it or lose it"
- Life insurance guarantees appreciation on gift
- Tax-free death benefit is like "step-up"
- Simple, few moving parts
- Can use spousal access trust



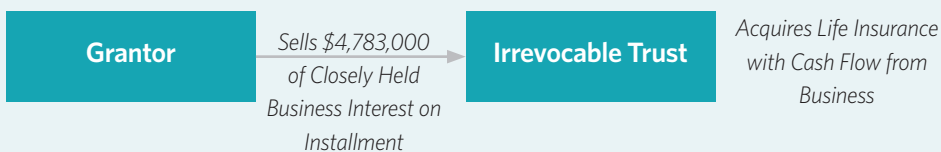
Idea #2 - AFR Loan

- Preserves exemption, but transfers growth out of estate
- Can use annual exclusion gifts to service interest
- Can repay with GRAT, policy values, exemption, etc.
- More flexibility



Idea #3 - Asset Sale to Trust

- Sell non-voting, minority business interest to trust in exchange for a note OR gifted cash
- Substantial discount for lack of marketability and control
- Sells FMV of \$7,971,664 for \$4,783,000 (40% discount)
- Uses cash flow from business to fund life insurance
- Grantor can pay Income tax for trust



NEXT STEPS

1. Identify your clients who fit the profile
2. Set an appointment to discuss their current estate plan
3. Identify their goals and objectives, and probe for their worries and concerns.
If flexibility is important to them, select one of the strategies and why it may be a good fit for their portfolio plan.

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