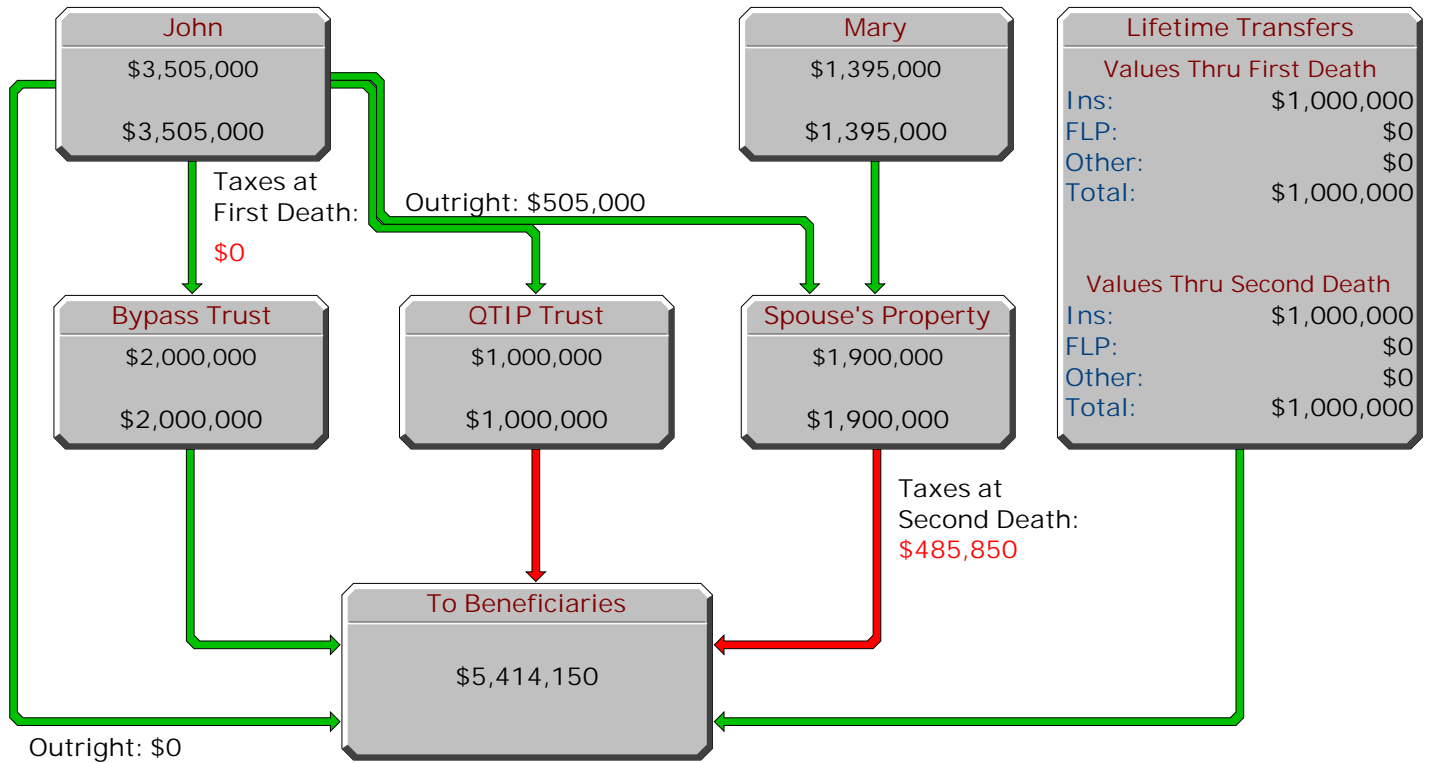


For: **John & Mary Smith Sample**

Report Name: **Basic - Flowchart**

Plan: **Plan03** Scenario: **Optimum Marital**

1st Death: **2008** 2nd Death: **2008** Gifts: **Yes** Discounts: **No**



Gift Tax Detail

	John	Mary
Transfers to beneficiaries	\$0	\$0
Total gift tax paid through life	0	0

Death Tax Detail

	John	Mary
Federal tentative tax	\$780,800	\$1,185,800
Applicable credit + gift tax payable	(780,800)	(780,800)
State death tax credit	(0)	(0)
Other credits	(0)	(0)
Net federal tax	\$0	\$405,000
SD state death tax	0	0
Income tax on retirement plans	0	80,850
Generation-skipping transfer tax	0	0
Taxes at death	\$0	\$485,850
TOTAL TAXES (BOTH):		\$485,850

Explanation:

The flowchart of your estate illustrates the property flow and the taxes levied at each death. The top boxes show the value of your estate at the projected death of the first to die, with the second number in the boxes showing the estate value at first

death after administration expenses, liabilities and any charitable gifts have been deducted.

Under the property box of the first to die are the taxes that are levied at the first death. Unless there were large prior gifts, or a state death tax is payable, or there is income tax on distributed retirement plans, these taxes will be small or zero since the goal of this plan is to reduce the tax at the first death as close to zero as possible. The amount equal to the applicable exclusion amount which the decedent spouse has at the time of death passes to the bypass trust, and is subject to tax as shown by the red or dark arrow. However, the applicable credit will offset this tax leaving little or no actual tax to be paid. The balance of the decedent's property will pass tax-free to the survivor under the marital deduction as illustrated by the green or light colored arrow.

The middle boxes show the values in each of the bypass and marital deduction trusts at the first death (top figure) and separately at the second death (bottom figure). The same pattern is used to illustrate the values of the surviving spouse's assets in the Survivor's Property box (with the second value here being shown net of deductions for administration expenses and liabilities). The marital trust and Survivor's Property values generate a tax at the second death, and the tax values are shown at the lower right of the chart.

The bottom box on the flowchart shows the net amount passing to the beneficiaries after all death taxes and expenses have been paid.

Since this plan includes gifts, there is a Lifetime Transfers box on the right hand side of the chart indicating the funds that have been transferred from the estate for the benefit of one or more beneficiaries. The value in the gift box labeled (INS) shows the value of life insurance gifts made. The (FLP) amount shows the undiscounted value of any Family Limited Partnership interests transferred from the estate. The catchall category of (Other) represents, generally, all of the other non-insurance gifts. The second set of figures contains the same information, as of the surviving spouse's death.

For: John & Mary Smith Sample

Report Name: Data Reports - Balance Sheet (Today) - Calculations Report

Plan: Plan03 Scenario: Optimum Marital

1st Death: 2008 2nd Death: 2008 Gifts: Yes Discounts: No

	Co-Owned	John	Mary	Total
ASSETS				
Cash	\$50,000	\$0	\$0	\$50,000
Securities	500,000	0	0	500,000
Real Estate	0	0	0	0
Business Interests	0	3,000,000	1,000,000	4,000,000
Notes and Accounts Receivable	0	0	0	0
Life Insurance	0	0	0	0
Retirement Plans	0	230,000	120,000	350,000
Family Limited Partnerships	0	0	0	0
Other Assets	0	0	0	0
TOTAL ASSETS	\$550,000	\$3,230,000	\$1,120,000	\$4,900,000
LIABILITIES				
General Liabilities	\$0	\$0	\$0	\$0
Securities	0	0	0	0
Real Estate	0	0	0	0
Business Interests	0	0	0	0
Notes and Accounts Receivable	0	0	0	0
Life Insurance	0	0	0	0
Retirement Plans	0	0	0	0
Family Limited Partnerships	0	0	0	0
Other Assets	0	0	0	0
Total Liabilities	\$0	\$0	\$0	\$0
EQUITY				
Cash	\$50,000	\$0	\$0	\$50,000
Securities	500,000	0	0	500,000
Real Estate	0	0	0	0
Business Interests	0	3,000,000	1,000,000	4,000,000
Notes and Accounts Receivable	0	0	0	0
Life Insurance	0	0	0	0
Retirement Plans	0	230,000	120,000	350,000
Family Limited Partnerships	0	0	0	0
Other Assets	0	0	0	0
Total Equity	\$550,000	\$3,230,000	\$1,120,000	\$4,900,000
Proceeds of life insurance policies	\$0	\$0	\$0	\$0
TOTAL ESTATE VALUE	\$550,000	\$3,230,000	\$1,120,000	\$4,900,000

Explanation:

The Balance Sheet gives a view of your financial picture as it stands today. Both assets and liabilities are broken down into the various categories of assets, as well as being listed by their ownership.

For: John & Mary Smith Sample
 Report Name: Comparison - Calculations Report

Plan 1: Plan01
 Plan 2: Plan02
 Plan 3: Plan03

	All To Spouse	Optimum Marital	Optimum Marital
Estate at death of John			
Taxable estate	\$0	\$2,000,000	\$2,000,000
Federal tentative tax	0	780,800	780,800
Less applicable credit (includes gift tax payable)	780,800	780,800	780,800
Less state death tax credit	0	0	0
Less other credits	0	0	0
Plus state death tax	0	0	0
Plus retirement income tax	0	0	0
All taxes at death	\$0	\$0	\$0
To Beneficiaries	\$4,064,150	\$4,964,150	\$5,414,150
Estate at death of Mary			
Taxable estate	\$5,900,000	\$3,900,000	\$2,900,000
Federal tentative tax	2,535,800	1,635,800	1,185,800
Less applicable credit (includes gift tax payable)	780,800	780,800	780,800
Less state death tax credit	0	0	0
Less other credits	0	0	0
Plus state death tax	0	0	0
Plus retirement income tax	80,850	80,850	80,850
All taxes at death	\$1,835,850	\$935,850	\$485,850
To Beneficiaries	\$4,064,150	\$4,964,150	\$5,414,150

Explanation:

This comparison report allows you to compare results among the plans indicated. Because estate-planning strategies can produce a variety of outcomes, it is wise to put each plan side-by-side in order to evaluate the merits of each scenario.