INTRODUCTION

CURRENT PLAN

PROPOSED PLAN

SUPPORTING DOCUMENTS

IMPLEMENTATION

PLANNING STRATEGIES

PREPARED FOR:

MONIKA LONGVIEW

May 16, 2006

PRESENTED BY:

Legal - Tax

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The Wealth Preservation Blueprint

THE ESTATE ADVISORY GROUP
Wealth Preservation Strategists

Advanced Estate Planning is much like a chess match with the IRS. The pieces are your assets. You and your family win by keeping what you desire and transferring to your family as many of the "extra" pieces as possible. The IRS is your opponent, trying to capture as many pieces (assets) as they can, in the form of various taxes, during your lifetime and upon your death. Most people feel powerless, playing against this monolith.

The combined planning team's job is to empower and assist you and your family in retaining as many of these assets as possible - by utilizing them to fully meet your own needs and then moving the excess assets safely past the IRS and directing them to those whom you desire and in the manner you wish.

The chess piece depicted in the above logo is a white knight. While each chess piece moves in a different manner, most pieces move linearly. The knight is different. It has very unique moves that, when used skillfully and strategically, can be extremely effective in protecting other valuable chess pieces, especially the Queen and King. In chess, the player with the white pieces is allowed the first move.

PERSONAL DATA

Clients	Birth Dates	Age in 2006	Life Expectancy (Avg. per tables)
Monika	4/15/1939	67	18

Children / Occupation			Spouse / Occupation	Number of Grandchildren	Grandchildren
John / Real Estate	6/1/1960	46	Susan / Homemaker	4	Erin - 18, Bob - 13, Trudy - 11, Kelli- 9
Linda / Teacher	7/15/1962	44	none	3	George - 14, Frank - 12, Melissa - 10
Gary / Chemist	1/15/1964	42	Laura / Homemaker	4	Gary - 15, Linda - 12, Susan - 8, Jessica - 6

Work Address

Home Address

Family Home
123 Vine Rd.
Walnut Creek, CA 10450
512,121,1123

Other Residence

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ESTIMATE OF NET WORTH

LIQUID ASSETS	
Cash and Equivalents	827,000
Municipal Bonds	1,400,000
Securities	3,354,000
Life Insurance	86,000
	5,667,000
ILLIQUID ASSETS	
Retirement Plans	3,781,000
Crescent	925,000
Adams	750,000
Ramada	950,000
Boardwalk	1,850,000
Park Place	2,600,000
Path of Progress	3,100,000
Strip Mall	3,450,000
	17,406,000
PERSONAL USE ASSETS	
Residence	800,000
Half Moon Bay Condo	650,000
Furnishings	120,000
Car	60,000
	1,630,000
TOTAL ASSETS	**24,703,000**
LESS LIABILITIES	**0**
ESTIMATED NET WORTH	**24,703,000**

Asset and Liability Details

1. Cash & Equivalents

	Ownership	Title	Cost Basis	Current Balance	Annual Income	Interest Rate
a. Checking	CP	I		460,000	9,200	2%
b. Savings	CP	IT		367,000	7,340	2%
				827,000	**16,540**	

2. Marketable Securities

	Ownership	Title	Cost Basis	Market Value	Annual Income	Div/Int %	Growth %
a. Muni Bond	IN	IT	250,000	1,400,000	49,000	3.5%	0%
b. Securities 1	IN	I		826,000	16,520	2%	5%
c. Securities 2	IN	I		2,340,000	70,200	3%	5%
d. Securities 3	IN	I		188,000	3,760	2%	5%
			250,000	**4,754,000**	**139,480**		

3. Retirement Plans

	Type of Plan	Annual Contrib.	MarketValue	Projected Ret. Inc.	Name & Beneficiary	Growth %	Life Exp. Calc
a. Personal IRA	IN		1,265,000		Gary	7%	Recalc. Owner
b. Company Plan	IN		2,516,000		John	7%	Recalc. Owner
			3,781,000				

4. Real Estate

	Ownership	Title	Cost Basis	Market Value	Loan Balance	Equity	Growth %
a. Crescent	IN	I	153,750	925,000		925,000	3%
b. Adams	IN	I	112,500	750,000		750,000	4%
c. Ramada	IN	I	171,000	950,000		950,000	4%
d. Boardwalk	IN	I	399,500	1,850,000		1,850,000	6%
e. Park Place	IN	I	465,000	2,600,000		2,600,000	6%
f. Path of Progress	IN	I	577,500	3,100,000		3,100,000	10%
g. Strip Mall	IN	I	666,000	3,450,000		3,450,000	6%
			2,545,250	**13,625,000**		**13,625,000**	

ASSET AND LIABILITY DETAILS (CONT.)

5. Personal Use Property

	Ownership	Title	Cost Basis	Market Value	Loan Balance	APR & Term left	Equity	Growth %
a. Residence	IN	I	400,000	800,000			800,000	4%
b. Half Moon Bay Condo	IN	I	150,000	650,000			650,000	6%
c. Furnishings	IN	I		120,000			120,000	0%
d. Car	IN	I		60,000			60,000	0%
			550,000	**1,630,000**				

6. Life Insurance

Company Name	Insured	Date Acq'd	Policy #	Face Amount	Cash Value	Type of Policy	Owner	Named Benefic	Loans
a. Mass Mutual	Monika	6/24/1998	1521	300,000	52,000		Monika	John	0
b. NYLIC	Monika	3/10/2000	5111	100,000	34,000		Monika	John	0
				400,000	**86,000**				

Objectives

1. Update legal documents to appropriately reflect my wishes.
2. Provide an annual cash flow of $150,000 per year, growing at 3.0% per year, plus taxes and gifts for life.
3. Reduce or eliminate capital gains tax where possible upon the sale of RE properties 1, 2, 3. When sold, will use passive investments with the proceeds.
4. Retain Real Estate Properties 4, 5, 6, 7, in the family as long as possible. Prop 4, 5, 6 are great, 7 is a cash cow. Also would like to retain the vacation condo for the future generations.
5. Begin making additional gifts to children (in trust). These gifts should not be harmful to mychildren's financial development or maturation process. I will oversee this, while alive, and wish a continuation of this philosophy re: distributions to future generations. (See Family Financial Philosophy)
6. Begin to make gifts, during my lifetimes, to several charitable programs of our choice, as an alternative to paying these amounts in taxes.
7. Reduce estate taxes legally and effectively. If possible, I would rather the portion that normally goes to the IRS be reallocated to family and charities of my choice.
8. Upon death, consider distributions to both heirs and charity: roughly 70%-80% to children and future generations and the balance to charity. Investigate the viability of setting up a Charitable Foundation.
9. Provide for grandchildren in the most tax effective manner. Consider education expenses, plus some amounts available for each grandchild, consistent with my family financial philosophy, with the balance held in an ongoing trust.
10. After my death, the remainder of my estate to flow to my heirs as effectively as possible, with each child having a major influence over distributions to their family. Where possible, also avoid taxes on these assets upon the deaths of our children.

Family Financial Philosophy

PURPOSE

This document expresses my values and intentions, regarding the accumulation, use, preservation, and distribution of my estate. I wish it to serve as a basis of planning for my professional advisors and for the subsequent guidance to trustees. Furthermore, it will clearly articulate to my children and others why I have distributed the estate in the manner I have chosen. I will update this document as warranted by changing circumstances.

PRIMARY SOURCES OF WEALTH

My estate has been developed primarily by building and growing a real estate business through strong personal initiative, careful analysis and hard work, real estate development and management. I have tried to be financially responsible, worked hard and have enjoyed the fruits of my labor. I also believe that good common sense investing for the long-term has helped me to increase my estate.

GENERAL PHILOSOPHY

Thus far, my wealth has been concentrated in real estate. This has simplified the need to venture into other investment areas. However, I have sold some, and it is my plan to sell more properties in the near future, so investment planning will then be even more of a concern. I intend to preserve wealth through sound investment diversification, with an emphasis on long-term growth, tax minimization, and a reliance on professional guidance.

A primary motivation for estate planning is to reduce the amount of various taxes that will have to be paid. In achieving this objective, I would like to assure a safety net for my children, grandchildren, and future generations, without dumping money in their laps which could adversely affect their personal initiative and work ethic. I feel that I have paid (more than) my share of taxes over the years.

Through current planning, I am limiting the adverse impact of various types of taxes. I am also interested in providing for charities, if this can be done by redirecting taxes to this area, without hurting my children's inheritance or myself.

Among those things I value most are honesty, integrity, responsibility for my actions, and respect for others. Among those associations I value most are family, friendships, and business relationships. Among those activities and character traits I value most are personal initiative and achievement, hard work, education, individual responsibility, volunteerism, community involvement, recreation, and leisure.

At this point in my life, I am starting to become comfortable with relinquishing ownership of a portion of my assets, as long as I retain access to sufficient income to maintain financial independence.

Family Financial Philosophy (cont.)

I believe my children will take what I leave them (in trust) and be motivated to grow and preserve it. They are doing very well and I am very proud of their development. I want to help them achieve a higher level of success than they already have thus far. At the same time, I am concerned that if I give my children, grandchildren and future generations too large of an inheritance, or provide it too early, it may become a disincentive for their personal achievement and perhaps even reduce their sense of self-worth. I have seen and read too many examples of this unfortunate consequence. I believe they will develop far more positive values if they are required to provide for their own financial needs and security. I feel more comfortable gifting assets to my children gradually.

Although I certainly prefer leaving assets to my family rather than to the IRS, it is my goal that my children not rely on inherited wealth for their financial success, but rather rely on their own innate abilities and skills. I feel that they will become stronger as a result of this self reliance. At the same time, however, I want to have a substantial portion of my estate pass to my family, as a safety net (in trust), upon my death. I truly hope and believe that my posterity will be motivated to benefit from what I leave them and even increase its value and influence.

AREAS OF FINANCIAL INTEREST

I feel my first responsibility is to myself; to secure my own financial independence for my lifetime and preserve my ability to maintain my desired lifestyle.

To the extent that there is excess, my second level of financial interest is to my children, grandchildren, and beyond. I have provided and will continue to provide them with the best education possible and will continue to nurture their development as they grow to become financially responsible and mature adults. While I am alive, I will seek opportunities to assist them in their growing knowledge and ability regarding fiscal stewardship.

I feel a third category of financial interest is to charities, as a way of giving back to others. I am also thankful for the rich environment that mychurch and community have provided me for rearing my children.

FAMILY LEGACY

During my remaining years, I want to maintain the flexibility to change the terms of distributions to my children as I follow their personal growth. Because my assets are substantial and, hopefully, far more than would be needed by my children, I am also interested in making assets available for grandchildren, and future generations, consistent with the philosophy articulated in this document.

CHARITABLE THINKING

I understand that it is possible to reduce taxes by making charitable gifts. I would like to do this (where advantageous) and leave a portion of my estate to charitable causes.

ESTIMATE OF NET WORTH & ESTATE DISTRIBUTION - SCENARIO #1 AS IS (IN 000'S)

											C	
Age (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**
I.CASH FLOW												
CASH RECEIPTS:												
Consulting Income	156	161	168	174	181	187	195	202	210	218	0	0
Social Security	16	16	17	17	18	18	19	19	20	21	26	32
Interest On Cash and Equivalents	16	16	16	16	16	16	16	16	16	16	16	16
Interest on Municipal Bonds	49	49	49	49	49	49	49	49	49	49	49	49
Int/Div on Securities Portfolio	90	107	126	147	170	194	219	246	275	306	641	1,103
Retirement Portfolio	0	0	0	58	62	66	71	76	81	87	151	244
Real Estate Net Income	732	732	732	732	732	732	732	732	732	732	732	732
Total Cash Receipts	1,059	1,081	1,108	1,193	1,228	1,262	1,301	1,340	1,383	1,429	1,615	2,176
DISBURSEMENTS:												
Living Expenses	150	152	154	156	159	161	164	166	168	171	193	214
Vacation (other expe	7	7	7	7	7	7	7	7	7	7	7	7
Charitable Contribut	10	10	10	10	10	10	10	10	10	10	10	10
Annual Gifts	96	48	48	48	48	48	48	48	48	48	0	0
Income Tax	344	352	361	391	403	469	484	500	517	535	608	830
Total Disbursements	607	569	581	613	627	696	713	731	751	772	818	1,061
EXCESS CASH FLOW	**452**	**512**	**527**	**580**	**601**	**566**	**588**	**609**	**632**	**657**	**797**	**1,115**
II.SECURITIES PORTFOLIO												
Beginning. Balance Securities Portfolio	3,354	3,974	4,686	5,449	6,303	7,220	8,150	9,148	10,217	11,362	23,783	40,901
Growth:	167	198	234	272	315	361	407	457	510	568	1,189	2,045
Excess Cash Flow	452	513	528	581	601	569	589	611	634	659	798	1,115
Ending Balance Securities Portfolio	3,974	4,686	5,449	6,303	7,220	8,150	9,148	10,217	11,362	12,590	25,770	44,062

C: Monika actuarial life expectancy - 18 years

ESTIMATE OF NET WORTH & ESTATE DISTRIBUTION - SCENARIO #1 AS IS (IN 000'S)

											C	
Age (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**
III. Net Worth												
Checking	460	460	460	460	460	460	460	460	460	460	460	460
Savings	367	367	367	367	367	367	367	367	367	367	367	367
Municipal Bonds	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Securities Portfolio	3,974	4,686	5,449	6,303	7,220	8,150	9,148	10,217	11,362	12,590	25,770	44,062
Retirement Plans	4,045	4,328	4,631	4,898	5,178	5,474	5,786	6,115	6,461	6,826	10,522	15,192
Crescent	952	981	1,010	1,041	1,072	1,104	1,137	1,171	1,206	1,243	1,574	1,936
Adams	780	811	843	877	912	948	986	1,026	1,067	1,110	1,519	1,999
Ramada	988	1,027	1,068	1,111	1,155	1,202	1,250	1,300	1,352	1,406	1,924	2,532
Boardwalk	1,961	2,078	2,203	2,335	2,475	2,624	2,781	2,948	3,125	3,313	5,280	7,939
Park Place	2,756	2,921	3,096	3,282	3,479	3,688	3,909	4,144	4,392	4,656	7,421	11,158
Path of Progress	3,410	3,751	4,126	4,538	4,992	5,491	6,041	6,645	7,309	8,040	17,235	33,587
Strip Mall	3,657	3,876	4,109	4,355	4,616	4,893	5,187	5,498	5,828	6,178	9,847	14,806
Residence	832	865	899	935	973	1,012	1,052	1,094	1,138	1,184	1,620	2,132
Half Moon Bay Condo	689	730	774	820	869	922	977	1,036	1,098	1,164	1,855	2,789
Furnishings	120	120	120	120	120	120	120	120	120	120	120	120
Car	60	60	60	60	60	60	60	60	60	60	60	60
Life Insurance Monika	52	61	71	81	91	101	110	120	130	140	218	287
Life Insurance Monika	34	39	44	49	54	59	64	69	74	79	120	156
END OF YEAR NET WORTH	26,537	28,561	30,730	33,032	35,493	38,075	40,835	43,790	46,949	50,336	87,312	140,982

C: Monika actuarial life expectancy - 18 years

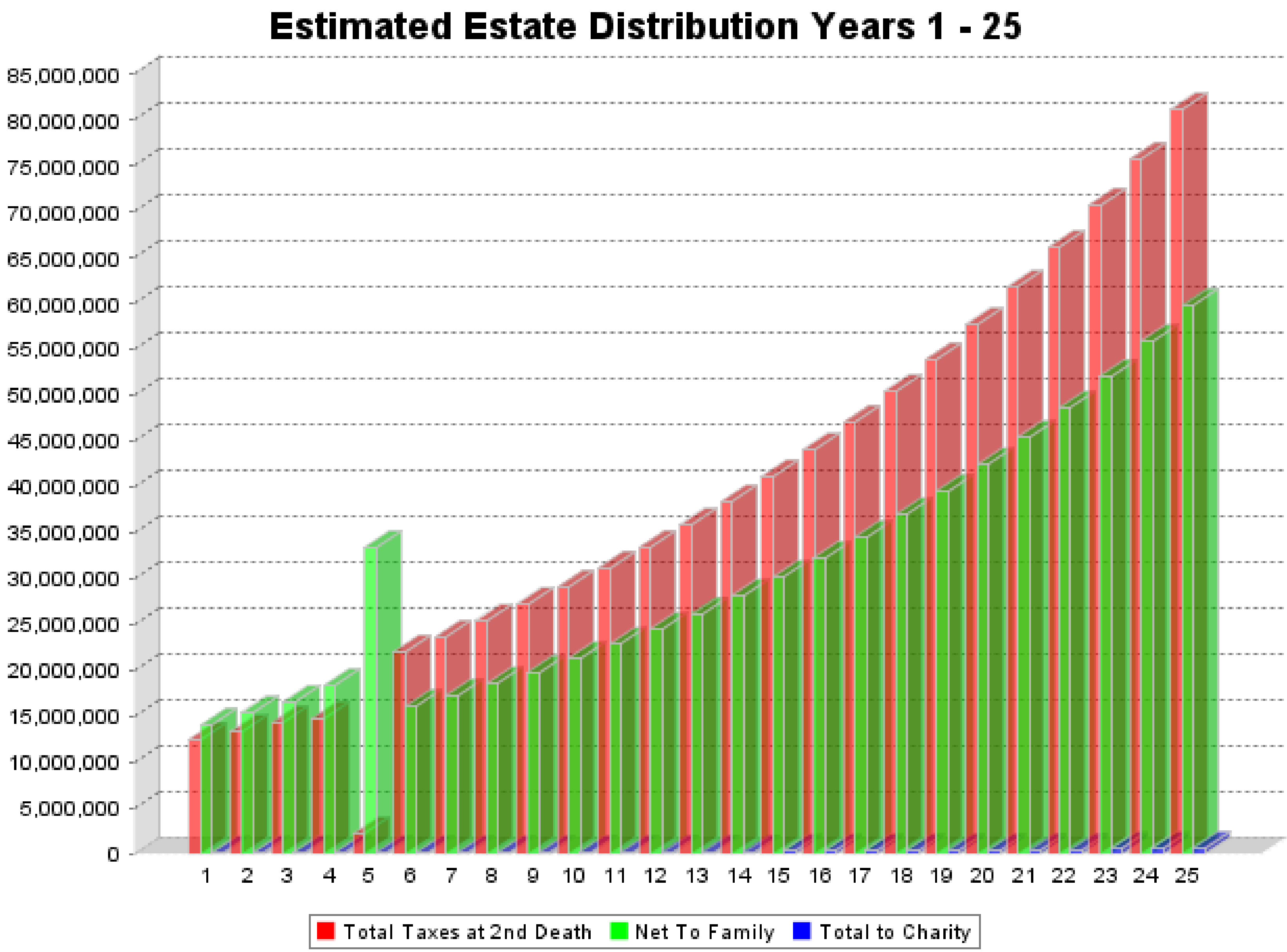
Monika Longview

Estimate Of Net Worth & Estate Distribution - Scenario #1 As Is (in 000's)

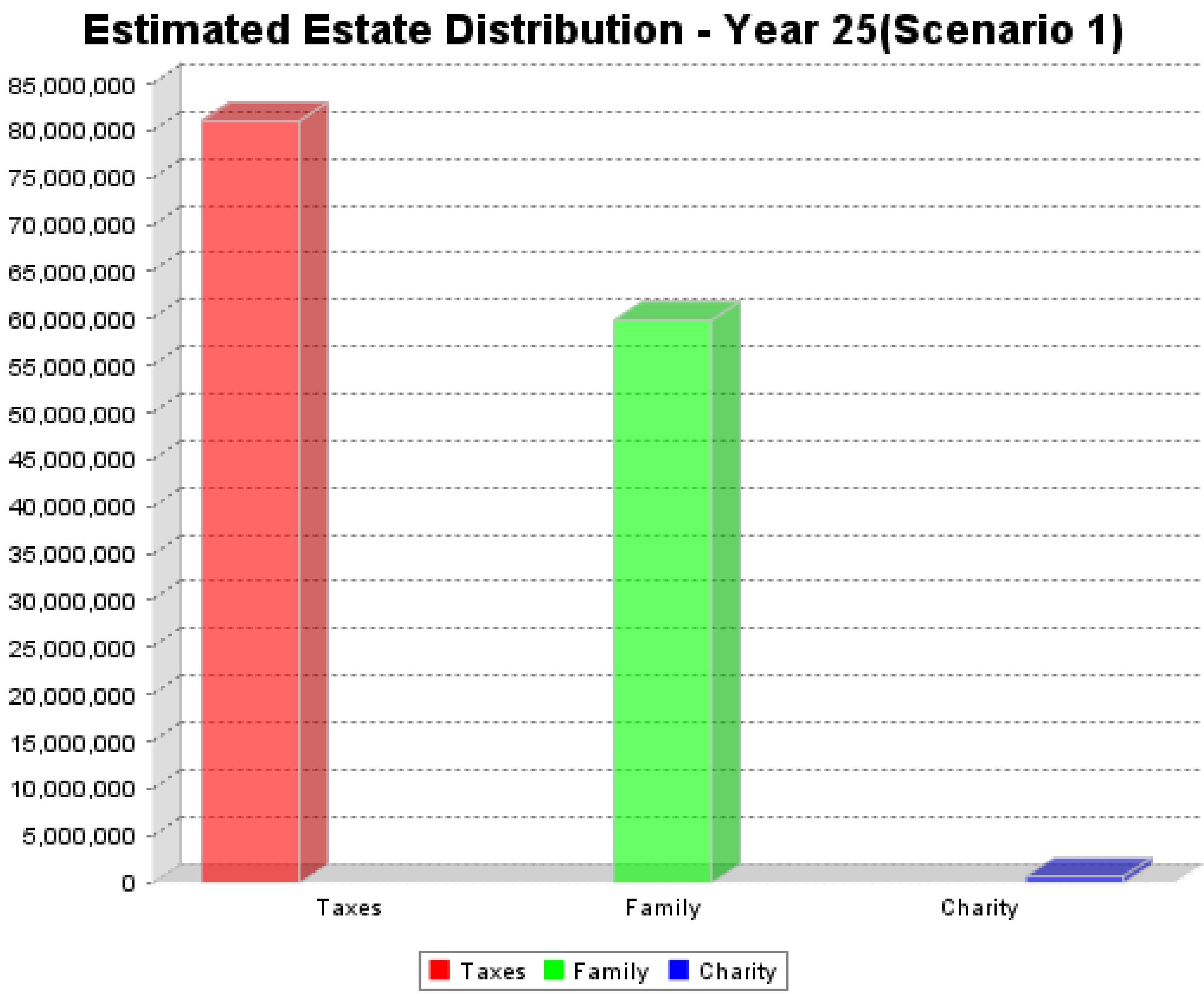
											C	
Age (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**
IV.ESTATE DISTRIBUTION												
Taxable Life Insurance	314	299	284	269	254	239	224	209	194	179	60	-44
Exemptions(1)	2,000	2,000	2,000	3,500	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Taxable Estate	24,851	26,860	29,014	29,801	35,747	37,314	40,059	42,999	46,143	49,515	86,372	139,938
TOTAL TAXES AT DEATH	12,492	13,231	14,277	14,739	2,124	22,012	23,607	25,314	27,139	29,093	50,378	81,119
Gifts to Children (accum@5.0%)	96	197	305	419	541	669	805	950	1,103	1,265	2,966	5,266
NET TO FAMILY	14,045	15,330	16,453	18,293	33,369	16,063	17,228	18,476	19,810	21,243	36,934	59,863
What's this really worth? - Inflation adjusted (3%) Net to Family	14,141	15,075	15,796	17,124	30,129	14,433	15,102	15,795	16,509	17,251	24,140	32,039
TOTAL TO CHARITY	10	21	33	45	59	73	88	103	120	138	324	576

C: Monika actuarial life expectancy - 18 years

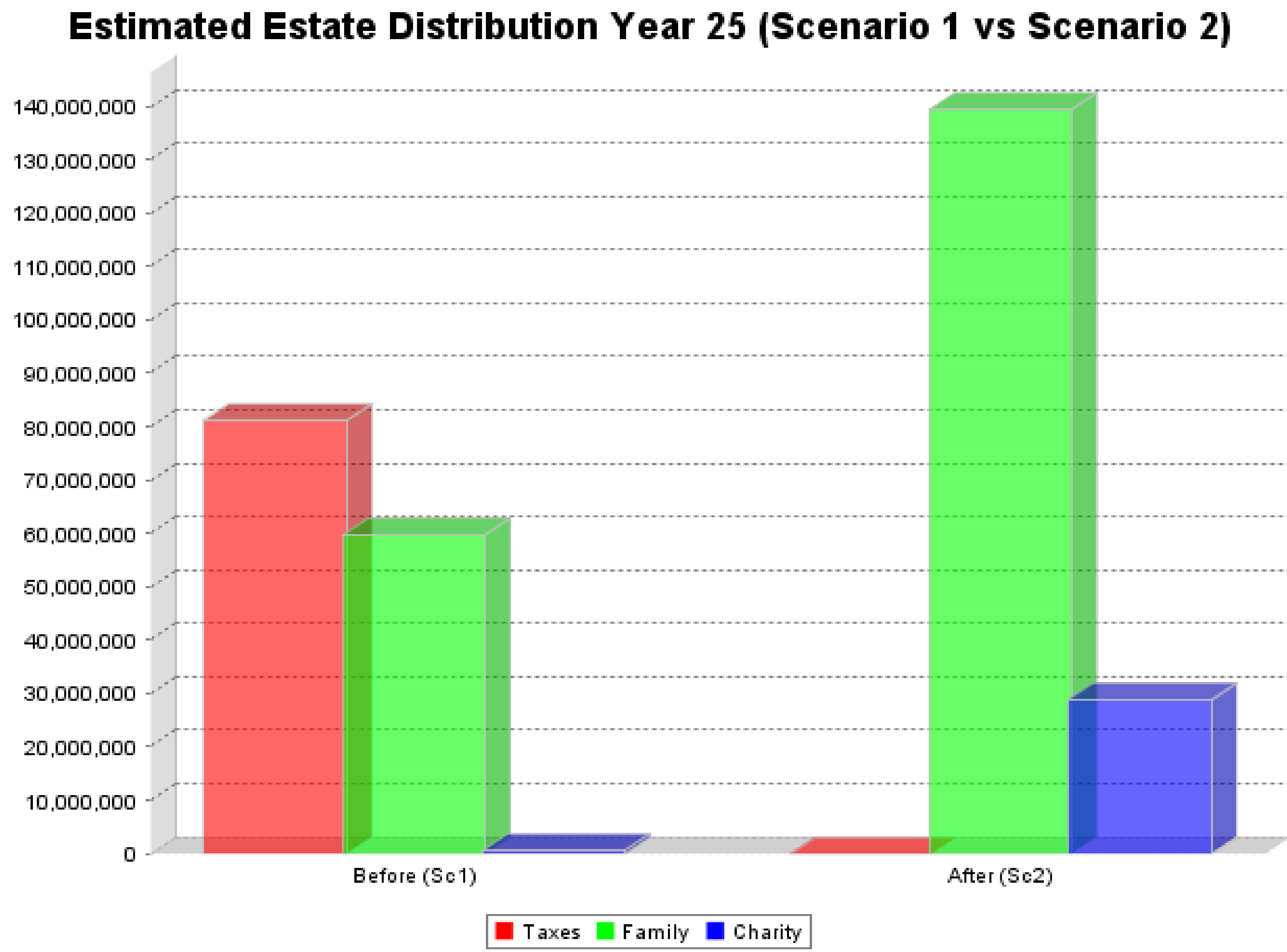
Estate Distribution Summary - SCENARIO 1



ESTATE DISTRIBUTION COMPARISON



ESTATE DISTRIBUTION COMPARISON



Observations

1. With your current Simple Wills and the titling of your assets, you are losing the advantages of the Lifetime Estate Tax Exemption. There could also be major confusion should you be placed on life support.
2. Your current estate documents provide for an outright distribution of assets to your family immediately upon the second death. This is in sharp contrast with your objectives and philosophy.
3. Your annual cash flow need of $150,000 is exceeded significantly each year. The amount of excess continues to increase your future estate-tax liability. Based on these projections, you will have more assets than you can spend during your lifetimes.
4. If your Real Estate Properties 1, 2, 3 are sold outright as planned, you will be required to pay approximately $437,000 in up front capital gains taxes upon the sale.
5. If your death occurred within 10 years, all of your liquid assets would be used and non-liquid assets would have to be sold to pay the estate-tax liability, which is due in cash within 9 months of death.
6. Your life insurance is currently owned personally, thus causing these proceeds to be unnecessarily taxed in your estate.
7. Once your assets pass to your children, any significant amounts remaining in their estates will also be reduced by estate taxes.
8. The charitable gifts of cash you are currently making do not provide the tax savings and leverage that can be obtained through gifting appreciated assets and using special types of charitable trusts.
9. Using only the annual exclusion and the lifetime exemption gift amounts do not significantly reduce the tax liability owed at your death due to the size and projected growth of your estate.
10. There is no plan currently in place that helps to create either personal initiative or charitable hearts within your children and grandchildren.

Combined Planning Team Recommendations

The Advanced Estate Planning described in our metaphor of the chess match with the IRS will be greatly accomplished with the following recommended moves. Here are several effective tax saving moves we can make currenty. These moves still enable you to retain great control over both management and distribution of your estate during your lifetime.

Fortunately, these recommended changes enable us to significantly reduce the estate tax liability. Some of your assets (chess pieces) will change in the future, as will your objectives and circumstances. These first strategic moves are important, and show significant improvement, laying the foundation for preserving even more of your family's wealth in the future as your assets continue to grow.

As we update our strategies and techniques on an annual basis, additional solutions will be recommended as appropriate.

RECOMMENDATIONS

1. ABC TRUST

An ABC Trust with appropriate titling of assets, would help avoid probate, preserve your lifetime exemptions and also pass assets to your family consistent with your objectives and philosophy. A Living Will will aid your family in carrying out your health care objectives.

2. FAMILY LIMITED PARTNERSHIP (FLP)

Several Family Limited Partnerships (FLPs) will be needed, which will transfer real estate properties and securities to each respective partnership in exchange for partnership interests. Then discounted partnership interests can be gifted to various trusts to be discussed. The gifted partnership interests can receive valuation discounts for tax purposes due to a lack of arketability and lack of control, while you control the entire amounts.

3. QUALIFIED PERSONAL RESIDENCE TRUST (QPRT)

The Vacation condo ownership can be placed into a Qualified Personal Residence Trust. The trust value represents the value of the Oceanside Condo. A split-interest discount of 15% can also be used for valuation purposes. At the end of the trust term (12 years), the condo passes to the children outside of the taxable estate.

4. GRANTOR RETAINED ANNUITY TRUST (GRAT)

A family partnership is illustrated (FLP 1) with Real Estate Property 7. The partnership pays out income from the rental properties to the interest holders in the first year with equal distributions in each subsequent year. Any excess income in subsequent years is reinvested in the partnership's securities portfolio. A Grantor Retained Annuity Trust is then established and 100% of the partnership interest is transfered into the GRAT. The trust has a term of 10 years. At the end of the trust term, the partnership interest transfers to the children or remains in trust for them.

5. WEALTH PRESERVATION TRUST (WPT)

A Wealth Preservation Trust is established and Real Estate Properties 1, 2, and 3, worth $2,625,000, are transfered into it. The trust(Charitable Remainder Uni Trust) is projected to earn 7% and pays an income equal to 6% of the trust value, recalculated annually, for life. A charitable deduction is taken for up to six years with a carryover of the unused deduction. Upon death, the trust assets pass to the charities of choice. Life insurance is obtained on the life of Monika, payable to a trust for children and

grandchildren, which replaces assets going to charity. The net result is more to you, more to your family, plus a substantial amount to charity - all paid for by the IRS.

RECOMMENDATIONS (CONT.)

6. RETIREMENT PLAN MAXIMIZER (RPM)

Accelerated distributions are taken by Monika, taxes are paid, and the net amount is gifted to a trust for the heirs. Insurance is obtained by the trust with these gifts, which will pass to the heirs trust free of all taxes. These proceeds will significantly exceed the net amount otherwise available, after tax, from the retirement plan assets.

7. IRREVOCABLE (CRUMMEY) TRUST

An Irrevocable (Crummy) Trust is established into which cash gifts are made by utilizing annual exclusions under a 'Crummey' provision. The trust then loans the money to a Multigenerational Trust to obtain survivorship life insurance on both of your lives.

8. INTENTIONALLY DEFECTIVE IRREVOCABLE TRUST (IDIT)

This type of trust can be used very effectively to freeze the growth of your Path of Progress (RE #6). This is done by placing the property in FPL #2, then selling your LP interest to the newly formed IDIT set up on a Multigenerational basis (discussed later) for your children and grandchildren. These LP interests are sold, at a discount, to the trust in exchange for a note. This note will be interest only, at 6%, for 15 years, with a balloon payment due at that time. The notes are subsequently placed in FLP #3, along with $2,021,000 securities and then the LP interests are transferred to a GRAT.

The effect of this recommendation is to discount, then freeze, and then transfer this highly profitable property to your heirs virtually tax free.

9. CHARITABLE LEAD ANNUITY TRUST (CLAT)

RE properties 4 & 5 are placed in FLP #4. LP interests are then gifted to a CLAT. The trust makes annual payments to your Family Foundation with subsequent distribution to charities of choice. At the end of the term, the Partnership Interests pass to the children.

10. MULTIGENERATIONAL TRUSTS

A Grantor style Multigenerational trust is formed (see IDIT) and funded with a gift of $1,144,554 in marketable securities, placed in FLP #5 with a 25% discount (thus a taxable gift of $846,257), utilizing the Generation Skipping Tax exemption. Since the trust is set up under grantor rules, you pay the tax on any realized capital gain and income earned by the trusts. This can provide an additional tax-free benefit to the trusts. You can revoke this provision at any time after the first year.

Recommendations (cont.)

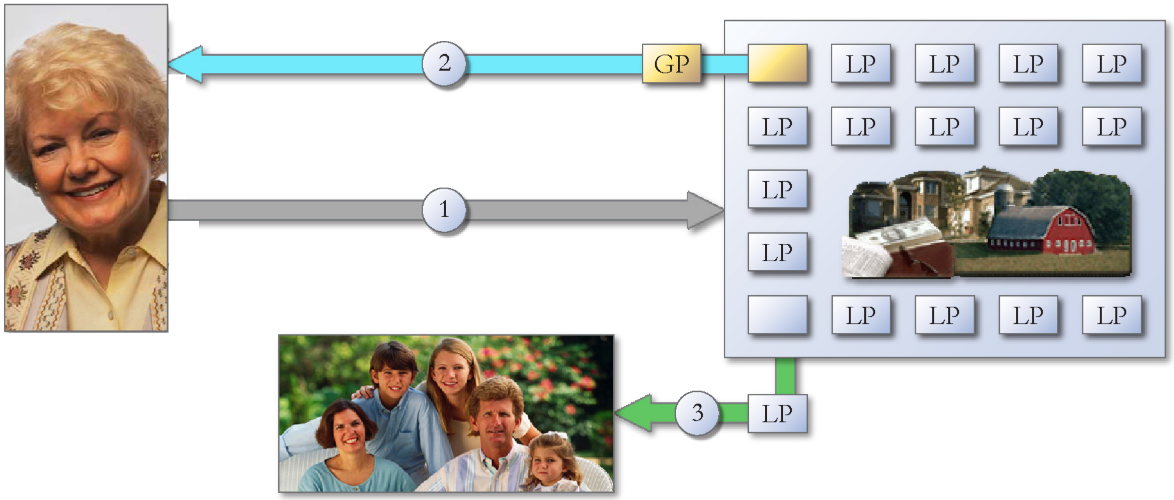
The trust also obtains and owns the life insurance policies discussed in the recommendations. Part of the annual premium will be borrowed from the Irrevocable (Crummey) Trust with an interest rate of 5%, and the balance will be paid with assets in this trust.Upon the death of Monika, the MGT then repays the loan with proceeds of life insurance.

11. TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (TEST-CLAT)

A 20 year Testamentary Charitable Lead Annuity Trust is established upon the death of the surviving spouse. It is formed with practically all of the estate's remaining assets, leaving some assets to be distributed to your heirs and to pay estate administration costs. The estate receives a charitable deduction equal to the assets transferred to the trust. The trust pays an annuity equal to approx. 7% of the trust value at death to the Family Charitable Foundation, and then to the charities of choice. At the termination of the trust, the assets of the trust pass to the children.

Monika Longview

Family Limited Partnership (FLP)



The Process

1. A Family Limited Partnership is created (with a valid business purpose) for techniques to be described subsequently, and assets are transfered to the partnership.
2. You can retain or assign the General Partner function. The GP distribution and liquidation responsibility is assigned to a trusted individual or entity. Reasonable compensation can be paid for the managing duties.
3. The Limited Partner interests have no management responsibility, and usually cannot be liquidated, sold, or freely transferred without the consent of the GP. This allows the LP interest(s) to receive a discount for both a lack of marketability and lack of control. The discount values provide leverage for future gifts made to the family.

Benefits of Utilizing this Technique

Tax Reasons

• Valuation discounts

--Lack of Control

--Lack of Marketability

• Leverage 1.5(+/-):1

• Can Pass More to Family... Tax Free

Business Reasons

• Control

--GP shares govern all

• Control Asset Management

• Control Distributions

--Amounts

--Timing

Family Reasons

• Mentoring

--Asset Management

--Diversification

• Partnership Meetings

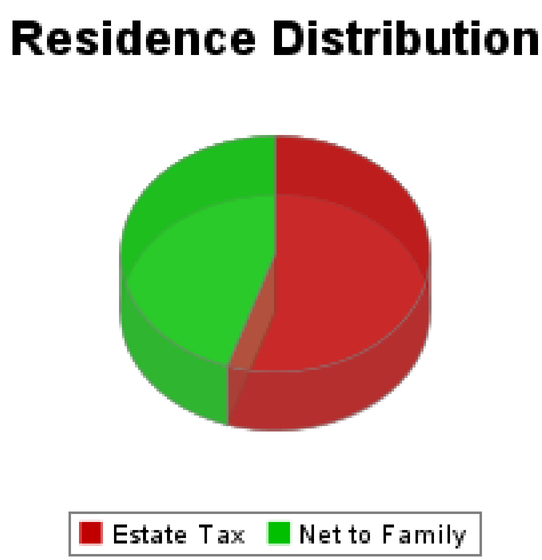
--Family Gatherings

--Tax deductible

THE PROBLEM

Your Half Moon Bay Condo has developed financial and sentimental value for your family. However, its fair market value and growth (approximately 6% per year) continue to add to your estate tax liability.

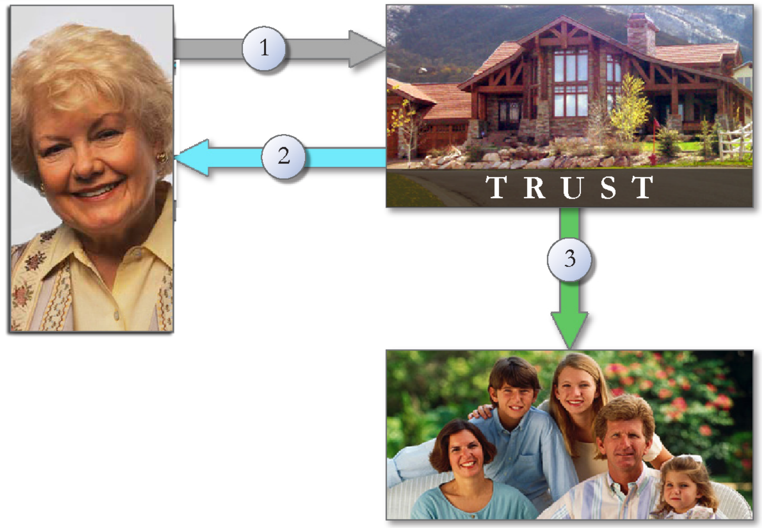
Today's Fair Market Value	$650,000
Projected years of life expectancy	25
Growth Rate	6%
Value (projected) in Taxable Estate	$2,789,716
Estate Tax on Half Moon Bay Condo (55%)	$1,534,344
Net Value of Half Moon Bay Condo passing to family.	$1,255,372



When one's estate (and the estate tax liability) is growing faster than can be reduced by spending and normal (tax free) gifting to family, leveraged gifts can be very effective. This process discounts the value of the assets being transferred, resulting in the reduction of estate taxes.

Let's examine a leveraging technique that is often utilized with a personal (including vacation) residence.

Qualified Personal Residence Trust (QPRT)



The Process

1. A Qualified Personal Residence Trust is established transfering your interest in the Half Moon Bay Condo to the trust. If partial interest gifts are made, the interest in the trust may be eligible for a fractional interest discout (illustrated at 15%) before gift value calculations.
2. You retain all of the rights and obligations of ownership for the trust period.
3. At the end of the trust term your interest in the residence pass to your children without further estate/gift taxation.

Benefits of Using this Technique

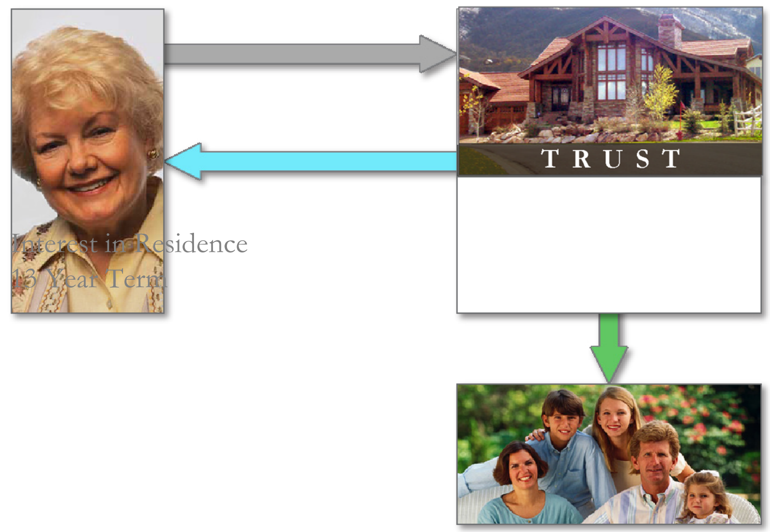
- Allows the transfer of a residence at a lower taxable gift value.
- The longer the trust period, the lower the gift value.
- Gift future growth out of the estate.
- At the end of the trust period, the full ownership has been transferred to your family.

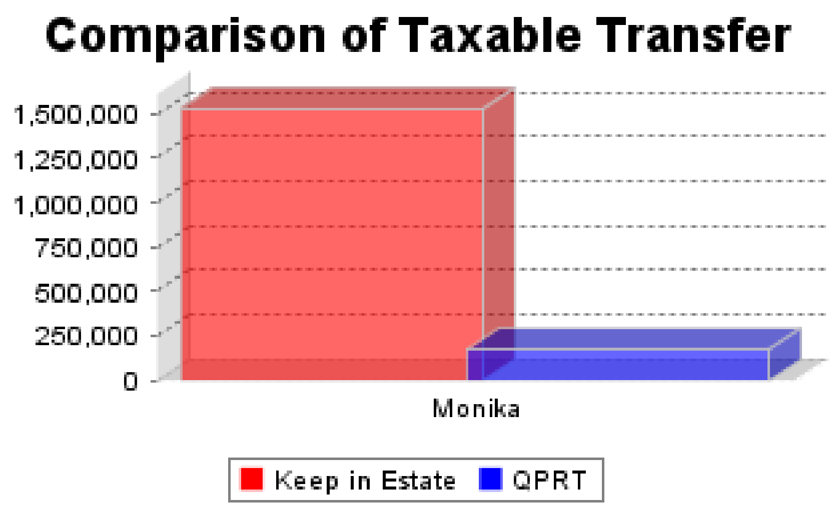
Side effects/Draw backs of using this technique

- Should you not survive the trust period, your share of the residence reverts to your taxable estate at the fair market value upon date of death.
- Heirs do not receive a step up in basis upon the death of parent, therefore will recognize a capital gain upon subsequent sale.

25 YEAR COMPARISON

Monika	Keep in the Estate	13 Year QPRT
Value for Estate/Gift Taxes	$1,394,858	$167,391
Estate/Gift Taxes(55%)	$767,172	$92,065



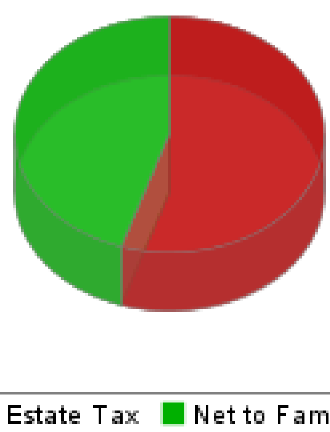


THE PROBLEM

Due to your sound financial acumen, your Strip Mall property(ies) provides steady growth and income. However, the fair market value plus growth and income not spent continue to add to your estate tax liability.

Todays Fair Market Value	$3,381,000
Projected Years of Growth	25
Average Growth Rate	6%
Average Income Rate	8.79%
Total Value (projected) in Taxable Estate	**$33,067,648**
Estate Tax (55%)	**$18,187,206**
Net Value Passing to Family	**$14,880,441**

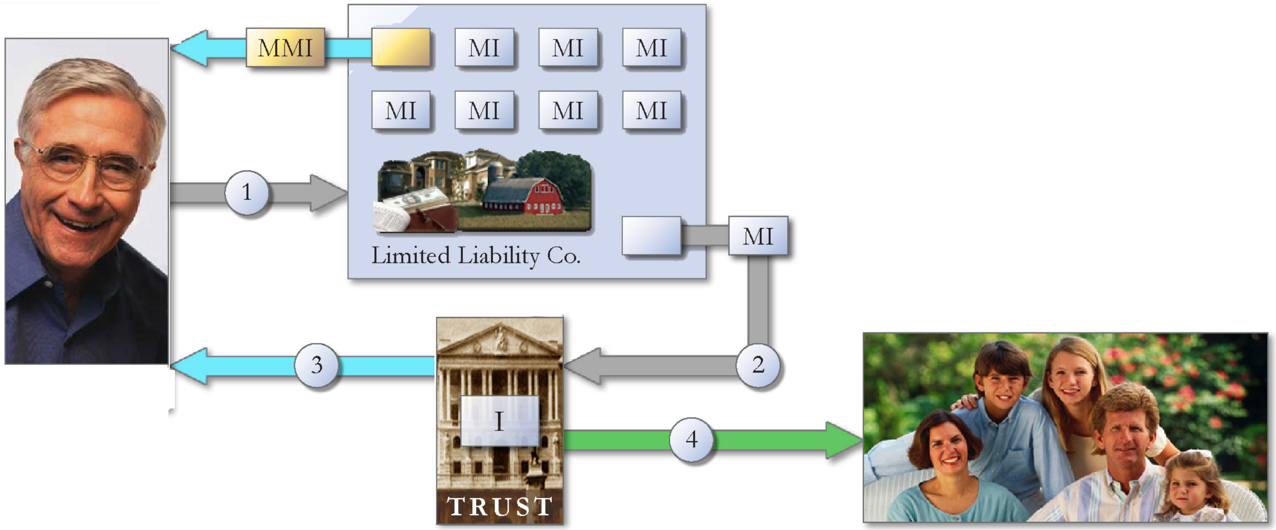
Asset Distribution



When one's estate (and the estate tax liability) is growing faster than can be reduced by personal spending and normal (tax free) gifting to one's family, leveraged gifts can be very effective. This process can reduce the value of the assets being transferred, often resulting in the reduction of taxes.

Let's examine a double discount leveraging technique that is often utilized with this circumstance.

GRANTOR RETAINED ANNUITY TRUST (GRAT)



THE PROCESS

1. A Family Limited Partnership (FLP) is formed with General Partnership (GP) interest and Limited Partnership (LP) interest. Assets are then transferred to the FLP.
2. A Grantor Retained Annuity Trust (GRAT) is established for Monika, and LP interests are gifted to the trust. The gifts then receive a substantial discount from their original value.
3. Monika receives a fixed annual payment from the income generated by the assets transferred to the FLP/GRAT.
4. At the end of the GRAT term, the property plus any appreciation and accumulated earnings not distrubuted, pass estate-tax free to the family.

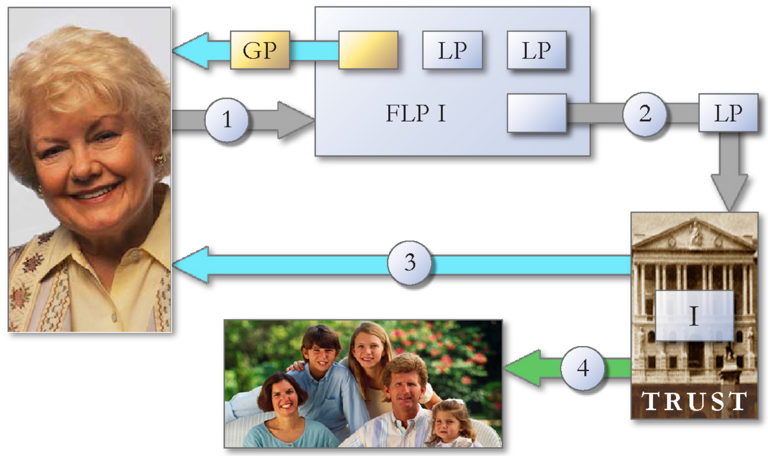
BENEFITS OF USING THIS TECHNIQUE

- Valuation discounts are made possible by the FLP.
- Leveraged gifts are made to the heirs through the GRAT, thus further reducing the taxable gift on the assets transferred.
- Estate taxes are greatly reduced.
- Grantor receives a fixed income stream for the term of the trust.
- Excess earnings and growth in the value of the assets add to the benefit to the family

SIDE EFFECTS/DRAW BACKS OF USING THIS TECHNIQUE

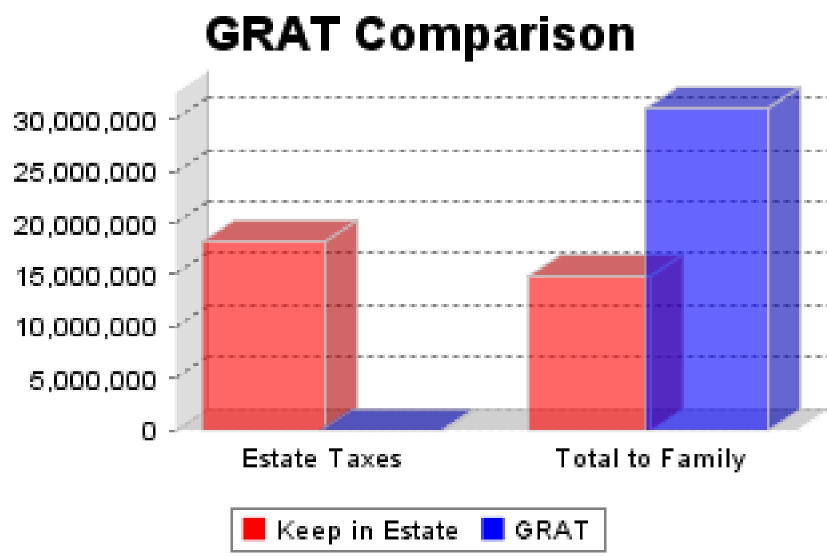
- If a death occurs before the end of the GRAT term, assets in the GRAT revert to the taxable estate of the deceased.
- At the end of the GRAT term, the Partnership Interests retain your tax basis.

GRANTOR RETAINED ANNUITY TRUST (GRAT)



COMPARISON IN 25 YEARS

	Keep in the Estate	GRAT	Difference
Estate/Gift Taxable:	$33,067,648	$15,225	$33,052,423
Total Estate/Gift Taxes:	$18,187,206	$8,373 *	$18,178,833
Total to Family	$14,880,441	$31,044,533	$16,164,092



* Taxable gifts are covered by the lifetime exemption.

ELIMINATING THE GRAT SIDE EFFECTS

By strategically combining the tax advantages of the 10 Year GRAT with life insurance, your plan may eliminate the side effects (see below) of the GRAT technique. The insurance is designed to provide you with 98.22% of the tax savings, regardless of when deaths occur.

HOW DOES THIS WORK

Growth and Income of the GRAT (Year 9)		**$6,746,395**
Estate Taxes (if death occurs too soon)		**3,710,517**
Insurance Death Benefit	(a)	**7,000,000**
Annual Insurance Premium		**94,500**
Accumulated Cost of Insurance ($94,500 x 9 years)	(b)	**$850,500**
Cash Value of Life Insurance	(c)	**$726,203**
Cost to Preserve Tax Savings (Insurance)	(d)=(b-c)	**$124,297**
Cost of Protection as a Percent of Tax Savings	(d)/(a)	**1.78%**
Percent of Tax Savings Realized		**98.22%**

SIDE EFFECT

If death occurs before the end of the GRAT term, GRAT payments and the assets are included in the taxable estate not as cash, but as continued annuity payments, thus not available to pay the tax.

SOLUTION

Insurance proceeds replace the tax savings if early death occurs. These tax-free proceeds (when insurance is owned outside the estate) are in addition to any assets passing through the estate.

SUMMARY

Professionals often refer to the Grantor Retained Annuity Trust (GRAT) as a "heads you win, tails you tie" scenario. However, combining the power of the GRAT with life insurance yields a "heads you win, tails you win" outcome for you and for your family.

The Problem

You have built several very successful real estate properties, over many years, with much physical and emotional effort. This effort brings both good news and bad news. The good news is that you can sell them at a tremendous profit. The bad news is that the IRS wants to keep much of this profit in the form of taxes. Let's look at the result of these taxes in three areas:

A. Income Taxes

Capital Gains Taxes Destroy 20%[1] of your profit:

Value of The asset	$2,625,000
Less: Cost(Basis)	$437,250
Taxable Gain	$2,187,750
Income (Capital Gains) Tax Liability	$437,550

This loss of taxes also creates another loss. All of the future earnings that could have been received had this tax amount been invested, are also lost in perpetuity! Let's assume a return on investment of 7% and that you live 25 years.

B. Income Loss

Loss of income** potential each year for life!	$30,629
At your age, this projected loss of income is	$765,713

And, the problem gets worse...

Upon your death, the remaining amount of these proceeds (along with your other assets) will be subjected to an estate tax. This is the largest tax of all.

C. Estate Taxes

Net Proceeds (after Capital Gains Taxes)	$2,187,450
Estate Tax (55%)	$1,203,098
Net to Family	$984,352

D. Where Did All The Money Go?

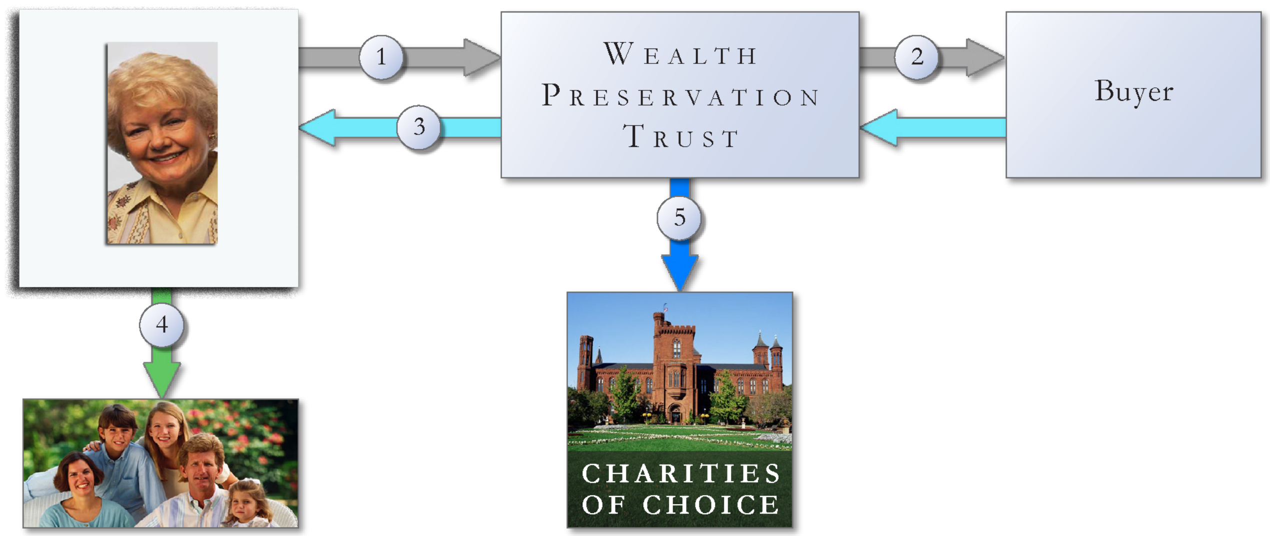
Sales Price	$2,625,000
Total Taxes (Capital Gains plus Estate Tax)	$1,640,648
Net to Family	$984,352
Percentage Lost to Taxes	**62.5%**

(The IRS' version of Capital Punishment!)

[1] Federal plus State Capital Gains taxes
** Assuming a pre-tax return on investment at 7%. ($437,550 @ 7% = a loss of $30,629 each year of life)

Monika Longview

Wealth Preservation Trust



Fortunately, a tool that can help solve this problem has existed for many years, although it has not been widely publicized. Created over 100 years ago, and clarified by Congress in 1969, this trust has been utilized by many top tax advisors for the benefit of their affluent clients.

Many individuals who have learned about this trust thought it was too good to be true and wrote the IRS requesting clarification. Because of the burden of responding, the IRS, in 1990, published 16 versions of the trust as authorized prototypes.

Here's How It Works

1. The Wealth Preservation Trust (also known as a Charitable Remainder Trust) is established and certain assets are transferred to it.
2. Assets are then sold by the trustee (this can be Monika) and proceeds are reinvested (as trustee directs) into income producing assets.
3. Cash is paid to Monika as the income beneficiary for her lifetime. Upon her death, the full amount is paid to the survivor.
4. Gifts are regularly made to the Family (or in trust for them) of excess cash flow, which protects their inheritance with life insurance on the life of Monika.
5. Upon the death of Monika, the remaining (WPT) assets pass to the named charities.

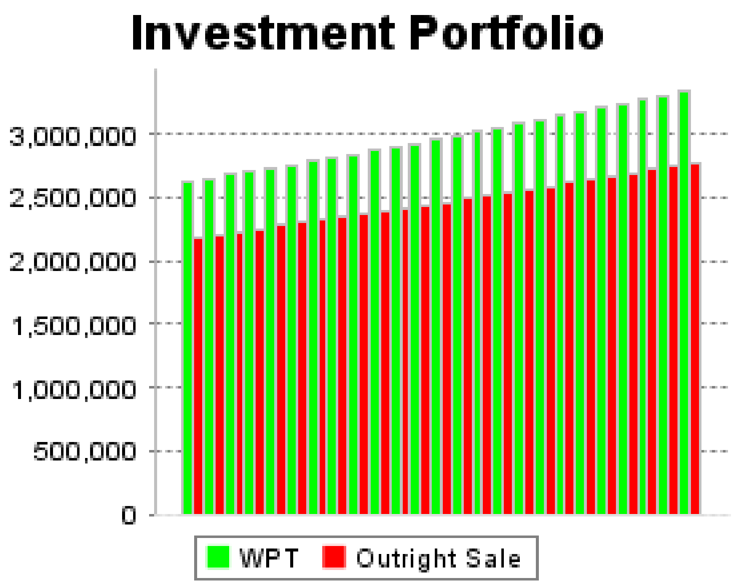
THE COMPARISON

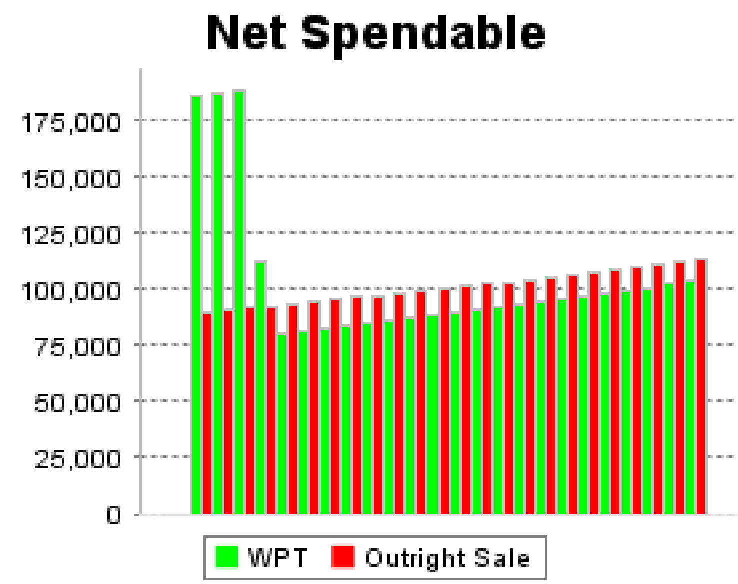
When comparing the results of a traditional outright sale to the use of a Wealth Preservation Trust (WPT) and inheritance trust for the family, the difference is truly astounding.

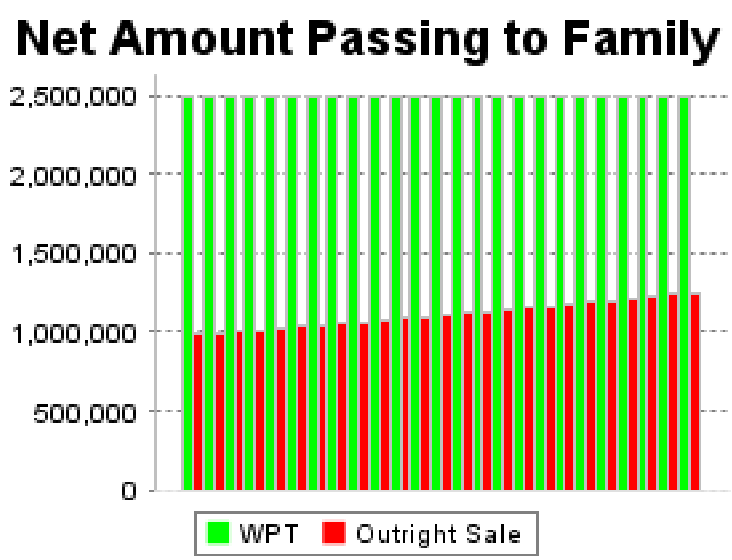
Income Taxes	Outright Sale		**WPT**	
Net Proceeds from Sale	$2,625,000		**$2,625,000**	
Capital Gains Tax (up front)	$437,550		$0	
Net Remaining to Invest	$2,187,450		$2,625,000	
Income Tax Deduction	$0		$1,149,000	
Benefits During Lifetime of Monika	Outright Sale		**WPT**	
Annual Income 1st Yr. (Net after tax)	$89,818	(1)	**$185,275**	(2)(3)
Annual Income 25th Yr. (Net after tax)	$114,046	(1)	**$104,818**	(2)
Cumulative Net Life Income	$2,536,773		**$2,605,879**	
Tax Saved from Deduction	$0		**$495,564**	
Summary at life expectancy (25 years)	Outright Sale		**WPT**	
Life Income plus Income Tax Savings	$2,536,773		**$2,605,879**	
Net passing to Family - after tax (4)	$1,262,365		**$2,500,000**	
Benefit to Charity(ies) (5)	$0		**$3,366,384**	
Total to Monika, Family & Charity	$3,799,138		**$8,472,263**	
Difference			**$4,673,125**	

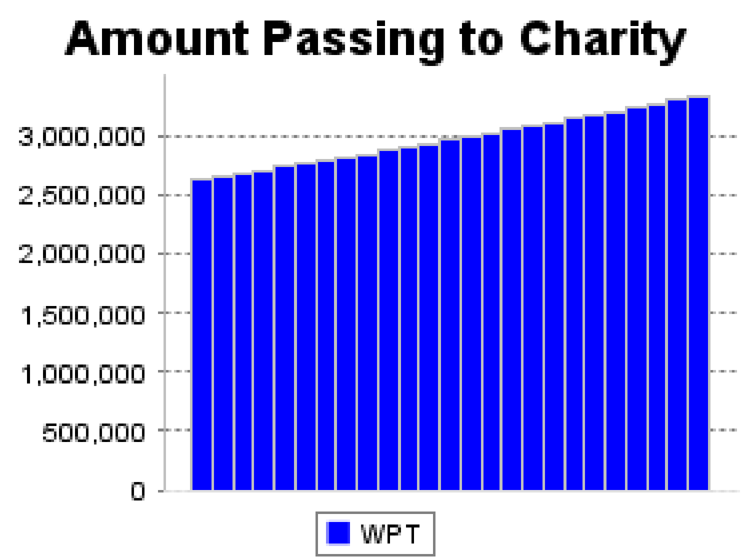
1. Assumes a pretax investment return of 7% and a spending rate of 6% (less tax). The balance (after tax) is reinvested in a growing portfolio.
2. Assumes a pretax investment return of 7% and a payout rate of 6%, reduced by taxes and a life insurance premium of $32,040. Balance, 1%, grows inside the trust.
3. In the early years, income is increased due to income tax savings.
4. Equals the growing portfolio, less estate tax vs. tax free life insurance.
5. Amount left in the Wealth Preservation Trust upon projected death in 25 years.

Note: The Wealth Preservation Trust is also known as a Charitable Remainder Trust (CRT)


Investment Portfolio
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
WPT
Outright Sale


Net Spendable
175,000
150,000
125,000
100,000
75,000
50,000
25,000
0
WPT
Outright Sale


Net Amount Passing to Family
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
WPT
Outright Sale


Amount Passing to Charity
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
WPT

WEALTH PRESERVATION TRUST

Assumptions

Property Value	2,625,000	Date Calculated	5/16/2006
Liability	0	IRC Sec. 7520(b) rate used	5.6%
Basis	437,250	Charitable Deduction Factor	0.43778
Maginal Income Tax Rate (Fed and State)	43.13%	Charitable Deduction	1,149,172
Future Estate Tax Rate	55%	Adjusted Gross Income (AGI) before payout	1,000,000
Capital Gains Rate (Fed and State)	20%	Deduction Limitation of AGI	30%
Investment Return	7%	Donor	Monika
Spending/Payout Rate(1)	6%	Life Expectancy (Average per tables)(A)	(19)
Capital Gains Tax	437,550	Insurance(4)	2,500,000

Outright Sale					Sale With Wealth Preservation Trust (WPT)						
Year	Investment Return	Income Tax(2)	Net(1) Spendable	Portfolio Balance	Year	Annual Payout	Charitable Deduction (3)	Insurance Premiums	Income Tax(2)	Net Spendable	Trust Balance
0	0	0	0	2,187,450	0	0	0	0	0	0	2,625,000
1	153,122	41,428	89,819	2,209,324	1	157,500	347,000	32,040	-59,816	185,276	2,651,250
2	154,653	41,842	90,717	2,231,418	2	159,075	348,000	32,040	-59,634	186,669	2,677,762
3	156,199	42,261	91,624	2,253,732	3	160,666	348,000	32,040	-59,132	187,758	2,704,540
4	157,761	42,683	92,540	2,276,269	4	162,272	106,000	32,040	17,762	112,470	2,731,586
5	159,339	43,110	93,466	2,299,032	5	163,895	0	32,040	51,733	80,122	2,758,901
6	160,932	43,541	94,401	2,322,022	6	165,534	0	32,040	52,251	81,243	2,786,490
7	162,542	43,977	95,345	2,345,242	7	167,189	0	32,040	52,773	82,376	2,814,355
8	164,167	44,417	96,298	2,368,695	8	168,861	0	32,040	53,301	83,520	2,842,499
9	165,809	44,861	97,261	2,392,382	9	170,550	0	32,040	53,834	84,676	2,870,924
10	167,467	45,309	98,234	2,416,306	10	172,255	0	32,040	54,372	85,843	2,899,633
11	169,141	45,762	99,216	2,440,469	11	173,978	0	32,040	54,916	87,022	2,928,629
12	170,833	46,220	100,208	2,464,873	12	175,718	0	32,040	55,465	88,212	2,957,916
13	172,541	46,682	101,210	2,489,522	13	177,475	0	32,040	56,020	89,415	2,987,495
14	174,267	47,149	102,222	2,514,417	14	179,250	0	32,040	56,580	90,630	3,017,370
15	176,009	47,621	103,244	2,539,562	15	181,042	0	32,040	57,146	91,856	3,047,544
16	177,769	48,097	104,277	2,564,957	16	182,853	0	32,040	57,717	93,095	3,078,019
17	179,547	48,578	105,320	2,590,607	17	184,681	0	32,040	58,295	94,347	3,108,799
18	181,342	49,064	106,373	2,616,513	18	186,528	0	32,040	58,878	95,610	3,139,887
(A) 19	183,156	49,554	107,437	2,642,678	19	188,393	0	32,040	59,466	96,887	3,171,286
20	184,987	50,050	108,511	2,669,105	20	190,277	0	32,040	60,061	98,176	3,202,999
21	186,837	50,550	109,596	2,695,796	21	192,180	0	32,040	60,662	99,478	3,235,029
22	188,706	51,056	110,692	2,722,754	22	194,102	0	32,040	61,268	100,794	3,267,379
23	190,593	51,566	111,799	2,749,981	23	196,043	0	32,040	61,881	102,122	3,300,053
24	192,499	52,082	112,917	2,777,481	24	198,003	0	32,040	62,500	103,463	3,333,053
25	194,424	52,603	114,046	2,805,256	25	199,983	0	32,040	63,125	104,819	3,366,384
			2,536,773							2,605,879	

Summary of Outright Sale

Estate Impact @ Death:	25th year
Portfolio Balance	2,805,256
Estate Tax	1,542,891
Net to Family	1,262,365
Net To Charity	0

1) Net spendable is figured by taking a spendable rate (6%) multiplied by the period beginning balance and subtracting the income tax. The spendable rate is comparable to the WPT payout rate. The unspent growth is added to the portfolio balance.
2) Income tax is figured by taking the rate of ordinary income (2%) multiplied by the marginal income tax rate (43.13%) and adding that to the realized capital gain (6% - 2% = 4%) multiplied by the capital gains rate (20%). This yields a marginal tax rate of 27.71%.
3) Deduction is subject to 30% of AGI; 5 year carry forward.
4) Insurance amounts/value/premium duration based upon current assumptions, major carrier, NOT GUARANTEED

Summary of Sale with WPT

Estate Impact @ Death:	25th year
Trust Balance	3,366,384
Estate Tax	0
Net to Family (Ins.)(4)	2,500,000
Net to Charity	3,366,384

Extra Net Spendable(cumul.) w/WPT	69,106
Premiums Gifted (4)	801,000

Taxes Saved	25th year
Capital Gains Tax	437,550
Income Tax (3)	495,564
Estate Tax	1,542,891
Total Taxes Saved	2,476,004

YOUR QUALIFIED RETIREMENT PLAN DILEMMA

THE GOOD NEWS

You have Retirement Plan assets that are more than you will spend during your lifetime. This excess will be available to pass on to your family.

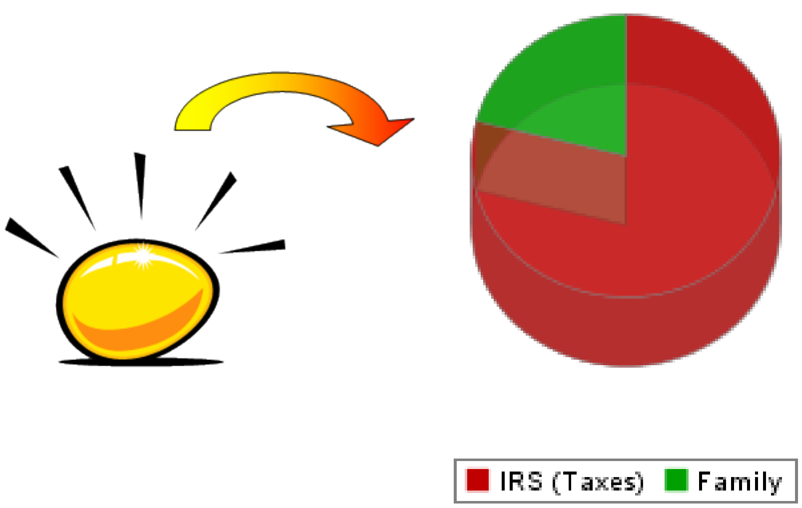
THE BAD NEWS

One of the disadvantages of a qualified retirement plan is that upon death, any remaining balance in the plan is subject to double taxation.

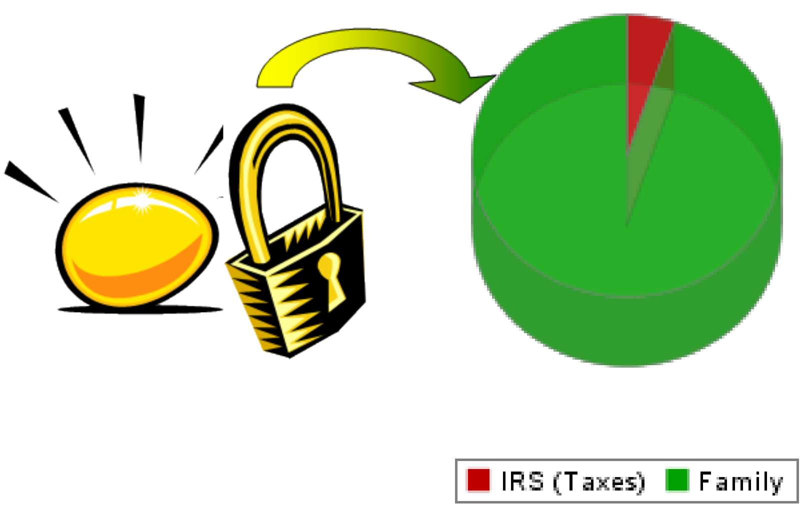
The first of these taxes is the estate tax. The combined Federal & State estate taxes can transfer from 41% to 60% of the qualified plan balance to this confiscatory tax.

The second of the taxes is the income tax. Depending on the distribution election made by the participant, or the cash needs of the estate, the entire balance can be subject to an income taxable distribution following the death. This can cause the tax deferred balance to suddenly become subject to Federal and State Income Taxes during the estate settlement process, referred to as Income in Respect of a Decedent (IRD).

YOUR SITUATION IN 25 YEARS



RECOMMENDATIONS



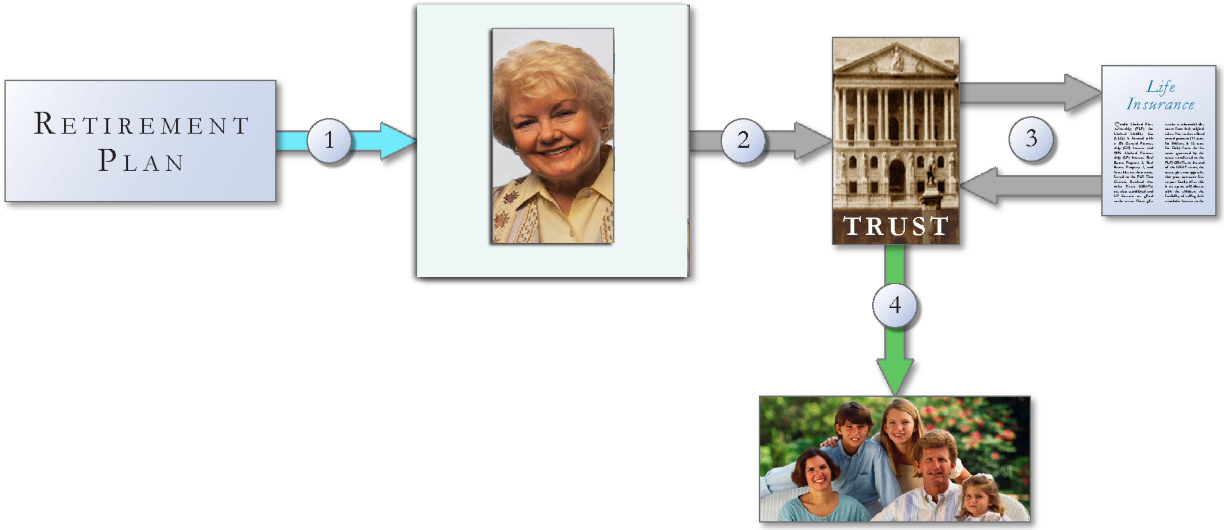
Monika Longview

Current Retirement Plan

	Year	Plan Balance Beg Of Year	Earning @7%	Minimum Distribution	Balance End of Year	Retirement Plan Taxes at Death	% to Taxes	Accum'd in Savings	Plan and Savings Money	Total Taxes	Net To Family
1	2006	3,781,000	264,670	0	4,045,670	2,870,201	70.95%	0	4,045,670	2,870,201	1,175,469
2	2007	4,045,670	283,197	0	4,328,867	3,042,977	70.3%	0	4,328,867	3,042,977	1,285,890
3	2008	4,328,867	303,021	0	4,631,888	3,255,985	70.3%	0	4,631,888	3,255,985	1,375,902
4	2009	4,631,888	324,232	58,117	4,898,003	3,443,051	70.3%	35,788	4,933,791	3,459,156	1,474,635
5	2010	4,898,003	342,860	62,236	5,178,627	2,125,567	41.04%	75,707	5,254,334	2,125,567	3,128,766
6	2011	5,178,627	362,504	66,563	5,474,568	4,640,966	84.77%	116,827	5,591,395	4,705,221	886,174
7	2012	5,474,568	383,220	71,283	5,786,504	4,905,405	84.77%	162,347	5,948,851	4,994,695	954,156
8	2013	5,786,504	405,055	76,339	6,115,220	5,184,068	84.77%	212,641	6,327,861	5,301,020	1,026,841
9	2014	6,115,220	428,065	81,754	6,461,531	5,477,647	84.77%	268,111	6,729,643	5,625,108	1,104,535
10	2015	6,461,531	452,307	87,555	6,826,284	5,786,859	84.77%	329,193	7,155,477	5,967,916	1,187,562
11	2016	6,826,284	477,840	93,768	7,210,356	6,112,449	84.77%	396,355	7,606,711	6,330,445	1,276,266
12	2017	7,210,356	504,725	100,283	7,614,798	6,455,308	84.77%	470,022	8,084,820	6,713,820	1,371,000
13	2018	7,614,798	533,036	107,402	8,040,432	6,816,131	84.77%	550,807	8,591,239	7,119,075	1,472,164
14	2019	8,040,432	562,830	115,028	8,488,234	7,195,748	84.77%	639,297	9,127,531	7,547,361	1,580,170
15	2020	8,488,234	594,176	123,196	8,959,214	7,595,013	84.77%	736,119	9,695,333	7,999,878	1,695,455
16	2021	8,959,214	627,145	131,947	9,454,412	8,014,808	84.77%	841,952	10,296,364	8,477,881	1,818,483
17	2022	9,454,412	661,809	141,111	9,975,110	8,456,220	84.77%	957,405	10,932,516	8,982,793	1,949,723
18	2023	9,975,110	698,258	151,138	10,522,230	8,920,031	84.77%	1,083,372	11,605,602	9,515,885	2,089,716
19	2024	10,522,230	736,556	161,880	11,096,906	9,407,202	84.77%	1,220,695	12,317,600	10,078,584	2,239,016
20	2025	11,096,906	776,783	173,389	11,700,300	9,918,719	84.77%	1,370,283	13,070,583	10,672,374	2,398,209
21	2026	11,700,300	819,021	185,719	12,333,602	10,455,589	84.77%	1,533,114	13,866,716	11,298,802	2,567,914
22	2027	12,333,602	863,352	198,609	12,998,345	11,019,113	84.77%	1,710,058	14,708,403	11,959,645	2,748,758
23	2028	12,998,345	909,884	212,739	13,695,490	11,610,105	84.77%	1,902,406	15,597,897	12,656,429	2,941,468
24	2029	13,695,490	958,684	227,878	14,426,296	12,229,633	84.77%	2,111,375	16,537,671	13,390,889	3,146,782
25	2030	14,426,296	1,009,841	244,100	15,192,037	12,878,776	84.77%	2,338,272	17,530,309	14,164,826	3,365,483
26	2031	15,192,037	1,063,443	261,032	15,994,448	13,559,006	84.77%	2,584,245	18,578,694	14,980,341	3,598,353
27	2032	15,994,448	1,119,611	279,623	16,834,437	14,271,091	84.77%	2,851,034	19,685,471	15,839,159	3,846,311
28	2033	16,834,437	1,178,411	299,545	17,713,302	15,016,133	84.77%	3,140,262	20,853,564	16,743,277	4,110,287
29	2034	17,713,302	1,239,931	320,313	18,632,920	15,795,723	84.77%	3,453,342	22,086,262	17,695,061	4,391,201
30	2035	18,632,920	1,304,304	343,148	19,594,077	16,610,526	84.77%	3,792,443	23,386,520	18,696,370	4,690,150
31	2036	19,594,077	1,371,585	367,619	20,598,044	17,461,621	84.77%	4,159,580	24,757,623	19,749,389	5,008,234
32	2037	20,598,044	1,441,863	393,092	21,646,814	18,350,697	84.77%	4,556,486	26,203,301	20,856,765	5,346,536
33	2038	21,646,814	1,515,277	421,144	22,740,947	19,278,228	84.77%	4,985,870	27,726,817	22,020,457	5,706,360
34	2039	22,740,947	1,591,866	451,209	23,881,604	20,245,200	84.77%	5,450,228	29,331,832	23,242,825	6,089,007
35	2040	23,881,604	1,671,712	482,457	25,070,860	21,253,370	84.77%	5,951,685	31,022,545	24,526,797	6,495,748

Monika Longview

Retirement Plan Maximizer™



The Process

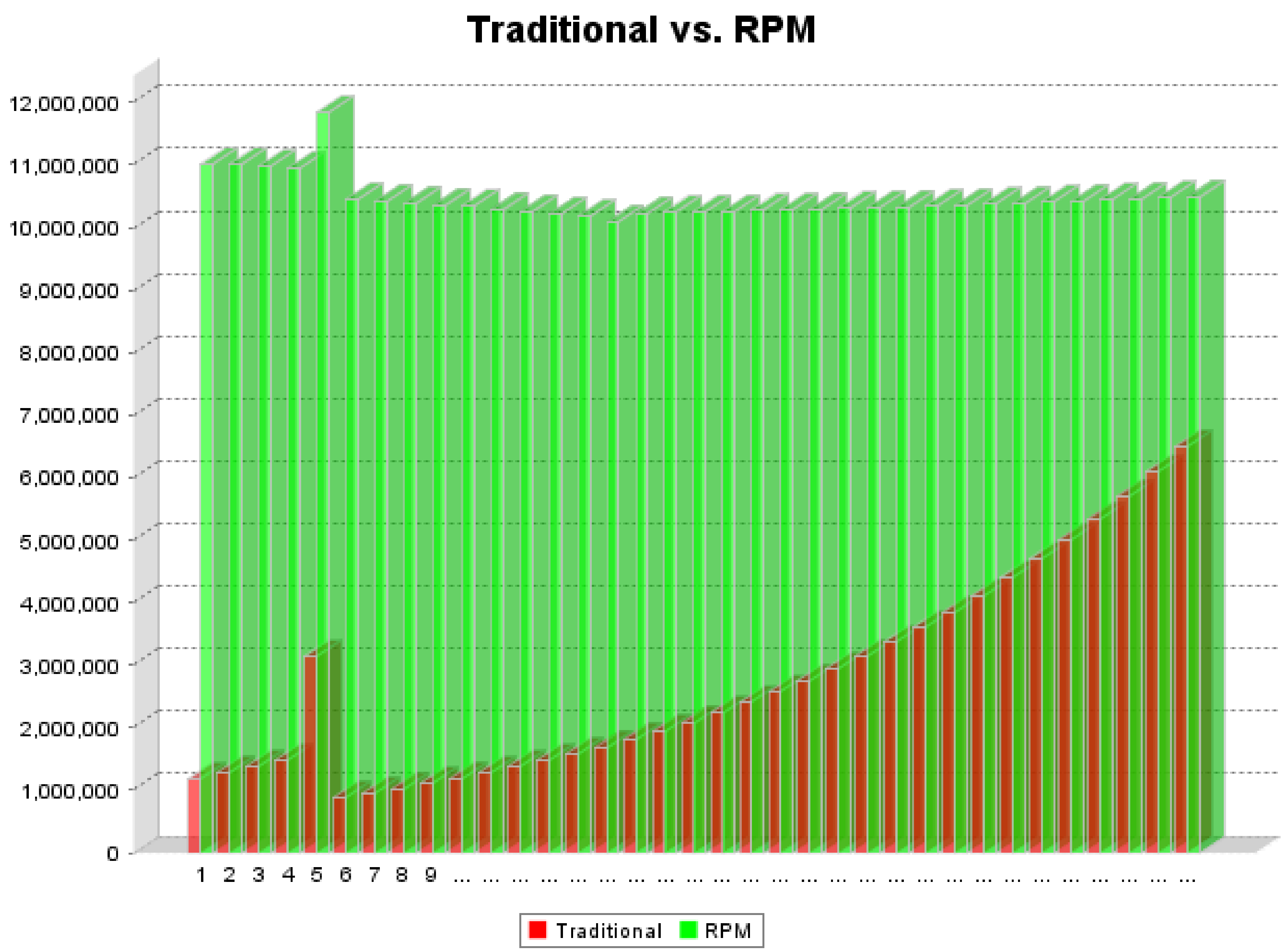
1. Monika begins taking an income from her retirement program. The amount taken in this example is designed to deplete their assets at the end of the 15th year.
2. The after tax income is gifted to an Inheritance Trust. It is assumed that there are no gift taxes paid on the gifts due to the number of heirs and the annual exclusions under the Crummey provision.
3. The Trust uses the assets and income of the Trust to purchase a Life Insurance policy on Monika's life. The trust is owner and beneficiary of the policy.
4. The Trust, at death, receives the proceeds of the life insurance free of income and estate taxes.

RETIREMENT PLAN MAXIMIZER™ SUMMARY

	The RETIREMENT PLAN MAXIMIZER (RPM)						DISTRIBUTION AFTER BOTH DEATHS				
	Year	Plan Balance Beg Of Year	Earning @7%	Plan Distribution	Balance End of Year	Total Taxes	Net Distribution to Trust	Trust Owned Ins Premium	Year End Value of Trust	Life Insurance Death Benefit	Net To Family
1	2006	3,781,000	264,670	415,133	3,630,537	2,648,862	244,742	224,000	21,665	10,000,000	11,003,340
2	2007	3,630,537	254,138	415,133	3,469,541	2,510,501	244,742	224,000	44,296	10,000,000	11,003,336
3	2008	3,469,541	242,868	415,133	3,297,275	2,389,406	244,742	224,000	67,933	10,000,000	10,975,802
4	2009	3,297,275	230,809	415,133	3,112,951	2,259,836	244,742	224,000	92,623	10,000,000	10,945,738
5	2010	3,112,951	217,907	415,133	2,915,724	1,196,759	244,742	224,000	118,413	10,000,000	11,837,378
6	2011	2,915,724	204,101	415,133	2,704,691	2,382,812	227,422	224,000	126,891	10,000,000	10,448,770
7	2012	2,704,691	189,328	415,133	2,478,886	2,191,390	227,422	224,000	135,720	10,000,000	10,423,216
8	2013	2,478,886	173,522	415,133	2,237,274	1,986,568	227,422	224,000	144,917	10,000,000	10,395,623
9	2014	2,237,274	156,609	415,133	1,978,750	1,767,409	227,422	224,000	154,494	10,000,000	10,365,836
10	2015	1,978,750	138,513	415,133	1,702,129	1,532,908	227,422	224,000	164,470	10,000,000	10,333,690
11	2016	1,702,129	119,149	415,133	1,406,145	1,281,993	227,422	224,000	174,859	10,000,000	10,299,011
12	2017	1,406,145	98,430	415,133	1,089,441	1,013,513	227,422	224,000	185,679	10,000,000	10,261,607
13	2018	1,089,441	76,261	415,133	750,569	726,240	227,422	224,000	196,949	10,000,000	10,221,277
14	2019	750,569	52,540	415,133	387,975	418,858	227,422	224,000	208,686	10,000,000	10,177,803
15	2020	387,975	27,158	415,133	0	125,082	227,422	224,000	220,910	10,000,000	10,095,828
16	2021	0	0	0	0	0	0	0	230,078	10,000,000	10,230,078
17	2022	0	0	0	0	0	0	0	239,626	10,000,000	10,239,626
18	2023	0	0	0	0	0	0	0	249,571	10,000,000	10,249,571
19	2024	0	0	0	0	0	0	0	259,928	10,000,000	10,259,928
20	2025	0	0	0	0	0	0	0	270,715	10,000,000	10,270,715
21	2026	0	0	0	0	0	0	0	281,950	10,000,000	10,281,950
22	2027	0	0	0	0	0	0	0	293,651	10,000,000	10,293,651
23	2028	0	0	0	0	0	0	0	305,837	10,000,000	10,305,837
24	2029	0	0	0	0	0	0	0	318,529	10,000,000	10,318,529
25	2030	0	0	0	0	0	0	0	331,748	10,000,000	10,331,748
26	2031	0	0	0	0	0	0	0	345,516	10,000,000	10,345,516
27	2032	0	0	0	0	0	0	0	359,855	10,000,000	10,359,855
28	2033	0	0	0	0	0	0	0	374,789	10,000,000	10,374,789
29	2034	0	0	0	0	0	0	0	390,343	10,000,000	10,390,343
30	2035	0	0	0	0	0	0	0	406,542	10,000,000	10,406,542
31	2036	0	0	0	0	0	0	0	423,414	10,000,000	10,423,414
32	2037	0	0	0	0	0	0	0	440,985	10,000,000	10,440,985
33	2038	0	0	0	0	0	0	0	459,286	10,000,000	10,459,286
34	2039	0	0	0	0	0	0	0	478,347	10,000,000	10,478,347
35	2040	0	0	0	0	0	0	0	498,198	10,000,000	10,498,198

Traditional vs. Retirement Plan Maximizer™

		Net (after all taxes) Amount To Family		
	Year	Amount to Family "Before"	Amount to Family "RPM"	RPM vs Before Advantage
1	2006	1,175,469	11,003,340	9,827,871
2	2007	1,285,890	11,003,336	9,717,446
3	2008	1,375,902	10,975,802	9,599,900
4	2009	1,474,635	10,945,738	9,471,103
5	2010	3,128,766	11,837,378	8,708,612
6	2011	886,174	10,448,770	9,562,596
7	2012	954,156	10,423,216	9,469,061
8	2013	1,026,841	10,395,623	9,368,782
9	2014	1,104,535	10,365,836	9,261,301
10	2015	1,187,562	10,333,690	9,146,129
11	2016	1,276,266	10,299,011	9,022,744
12	2017	1,371,000	10,261,607	8,890,608
13	2018	1,472,164	10,221,277	8,749,114
14	2019	1,580,170	10,177,803	8,597,633
15	2020	1,695,455	10,095,828	8,400,373
16	2021	1,818,483	10,230,078	8,411,595
17	2022	1,949,723	10,239,626	8,289,904
18	2023	2,089,716	10,249,571	8,159,855
19	2024	2,239,016	10,259,928	8,020,912
20	2025	2,398,209	10,270,715	7,872,506
21	2026	2,567,914	10,281,950	7,714,035
22	2027	2,748,758	10,293,651	7,544,893
23	2028	2,941,468	10,305,837	7,364,369
24	2029	3,146,782	10,318,529	7,171,747
25	2030	3,365,483	10,331,748	6,966,265
26	2031	3,598,353	10,345,516	6,747,163
27	2032	3,846,311	10,359,855	6,513,544
28	2033	4,110,287	10,374,789	6,264,502
29	2034	4,391,201	10,390,343	5,999,141
30	2035	4,690,150	10,406,542	5,716,392
31	2036	5,008,234	10,423,414	5,415,180
32	2037	5,346,536	10,440,985	5,094,449
33	2038	5,706,360	10,459,286	4,752,926
34	2039	6,089,007	10,478,347	4,389,340
35	2040	6,495,748	10,498,198	4,002,450


Traditional vs. RPM
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THE PROBLEM

Your assets of Path of Progress have the potential to grow very dramatically over the next few years. This is great news until we calculate your future estate tax liability

Today's Fair Market Value	**$3,100,000**
Projected Years of Growth	**25**
Average Growth Rate	**10%**
Average Income Rate	**3.23%**
Total Value (projected) in Taxable Estate	**$41,996,740**
Estate Tax (55%)	**$23,098,207**
Net Value Passing to Family	**$18,898,533**

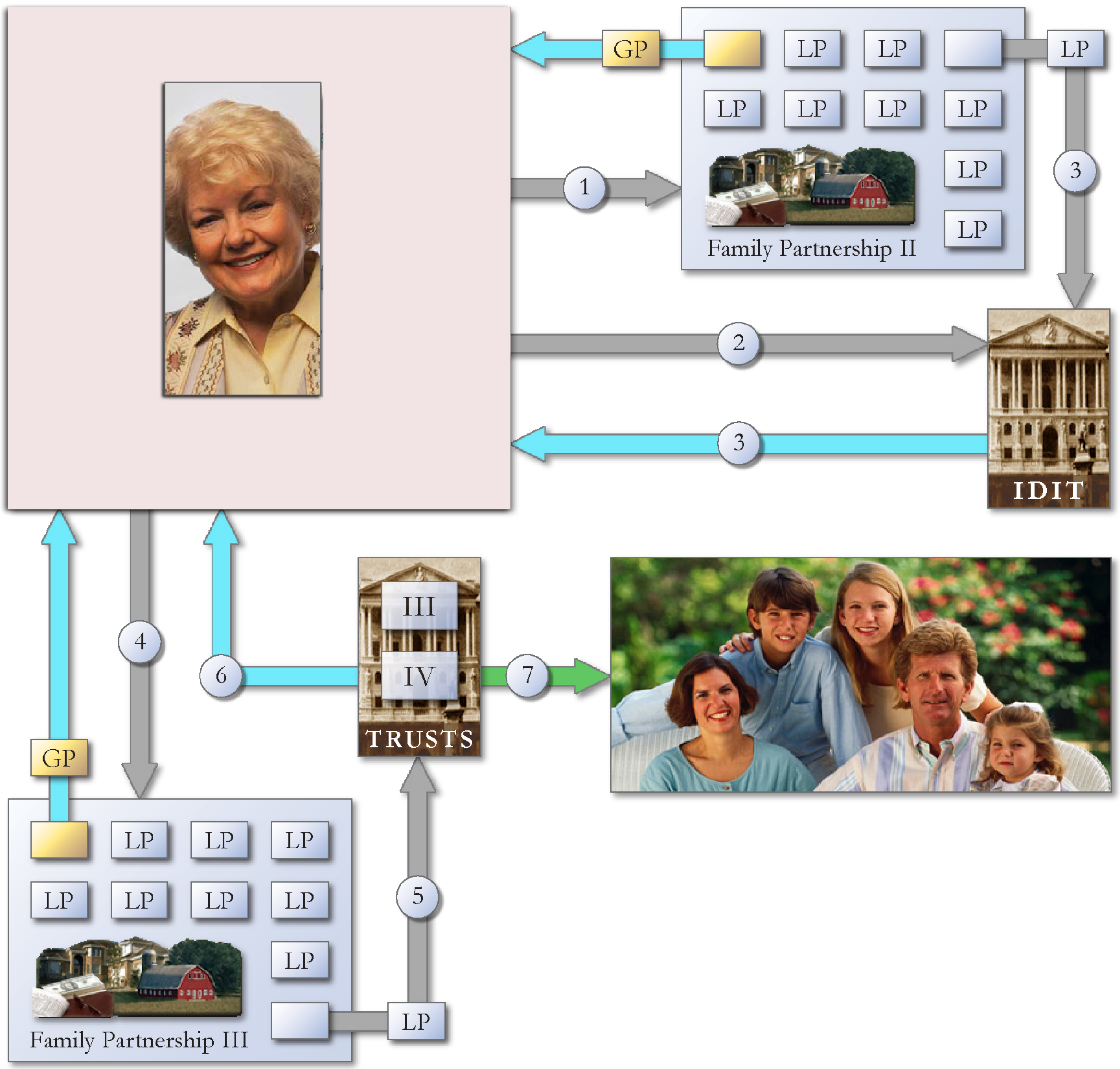
When an asset is growing very rapidly in one's estate, and the estate tax liability is growing faster than can be reduced by normal gifting techniques, a different approach can be taken.

Let's examine a combination of leveraging techniques that can be utilized with this circumstance.

Estate Taxes Before Tax Planning With IDIT

Number	Year	Total Real Estate Value	Total Securities Portfolio Growth	Yield On RE @ 3.00% After Tax	Yield On Sec. Div'd @ 2.00% After Tax	Yield On Sec. Gr'wth @ 5.00% After Tax	Total Taxable Estate	Total Estate Taxes	Total To Estate Taxes	Net To Family
1	2006	3,100,000	2,021,441	58,955	35,752	57,353	5,121,441	2,355,863	46%	2,765,578
2	2007	3,410,000	2,173,500	64,851	38,442	61,667	5,431,441	2,444,148	45%	2,987,292
3	2008	3,751,000	2,338,459	71,336	41,359	66,347	5,924,500	2,666,025	45%	3,258,475
4	2009	4,126,100	2,517,501	78,469	44,526	71,427	6,464,559	2,909,052	45%	3,555,508
5	2010	4,538,710	2,711,923	86,316	47,964	76,943	7,056,211	0	0%	7,056,211
6	2011	4,992,581	2,923,146	88,228	48,041	76,066	7,704,504	4,237,477	55%	3,467,027
7	2012	5,491,839	3,135,481	97,051	51,531	81,591	8,414,985	4,628,242	55%	3,786,743
8	2013	6,041,023	3,365,654	106,756	55,314	87,580	9,176,504	5,047,077	55%	4,129,427
9	2014	6,645,125	3,615,305	117,432	59,417	94,077	10,010,780	5,505,929	55%	4,504,851
10	2015	7,309,638	3,886,231	129,175	63,870	101,127	10,924,943	6,008,719	55%	4,916,224
11	2016	8,040,602	4,180,402	142,092	68,704	108,782	11,926,832	6,559,758	55%	5,367,075
12	2017	8,844,662	4,499,980	156,302	73,956	117,098	13,025,064	7,163,785	55%	5,861,279
13	2018	9,729,128	4,847,336	171,932	79,665	126,137	14,229,108	7,826,010	55%	6,403,099
14	2019	10,702,041	5,225,070	189,125	85,873	135,966	15,549,377	8,552,157	55%	6,997,220
15	2020	11,772,245	5,636,034	208,038	92,627	146,660	16,997,315	9,348,523	55%	7,648,792
16	2021	12,949,469	6,083,359	228,841	99,979	158,300	18,585,503	10,222,027	55%	8,363,477
17	2022	14,244,416	6,570,479	251,725	107,985	170,976	20,327,775	11,180,276	55%	9,147,499
18	2023	15,668,858	7,101,166	276,898	116,707	184,785	22,239,337	12,231,636	55%	10,007,702
19	2024	17,235,744	7,679,556	304,588	126,212	199,836	24,336,909	13,385,300	55%	10,951,609
20	2025	18,959,318	8,310,192	335,047	136,577	216,246	26,638,874	14,651,380	55%	11,987,493
21	2026	20,855,250	8,998,061	368,551	147,882	234,146	29,165,442	16,040,993	55%	13,124,449
22	2027	22,940,775	9,748,640	405,406	160,217	253,677	31,938,836	17,566,360	55%	14,372,476
23	2028	25,234,852	10,567,942	445,947	173,682	274,997	34,983,493	19,240,921	55%	15,742,572
24	2029	27,758,338	11,462,568	490,542	188,385	298,277	38,326,279	21,079,454	55%	17,246,826
25	2030	30,534,171	12,439,773	539,596	204,446	323,706	41,996,740	23,098,207	55%	18,898,533
26	2031	33,587,588	13,507,520	593,556	221,994	351,490	46,027,361	25,315,049	55%	20,712,312
27	2032	36,946,347	14,674,560	652,911	241,174	381,859	50,453,867	27,749,627	55%	22,704,240
28	2033	40,640,982	15,950,504	718,202	262,144	415,061	55,315,542	30,423,548	55%	24,891,994
29	2034	44,705,080	17,345,911	790,022	285,077	451,372	60,655,584	33,360,571	55%	27,295,013
30	2035	49,175,588	18,872,383	869,025	310,165	491,094	66,521,499	36,586,825	55%	29,934,675

INTENTIONALLY DEFECTIVE IRREVOCABLE TRUST (IDIT)



THE PROCESS

1 A Family Limited Partnership (FLP) is formed with a 2% General Partnership (GP) interest and 98% Limited Partnership (LP) interest. Assets are transferred to the FLP, with you recieving the GP/LP shares.

2,3 LP interests are sold by you to an Intentionally Defective Irrevocable Trust (IDIT) set up for the benefit of your children, grandchildren, etc. The sale price is discounted by 40%, due to the LP interests you have and the underlying illiquid real estate asset. You obtain notes recievable for the discounted value, paying 5% interest only, with a balloon payment due in 15 years.

4,5,6,7 The notes are then combined with Securities Portfolio assets and placed in another FLP. You then transfer your LP interest in the FLP into a GRAT, set up for 10 years and then payable to the children.

BENEFITS OF USING THIS TECHNIQUE.

- The FLP discounts the asset value.
- The IDIT enables the freezing of a rapidly growing value.
- Then the GRATS remove the remaining value from the taxable estate

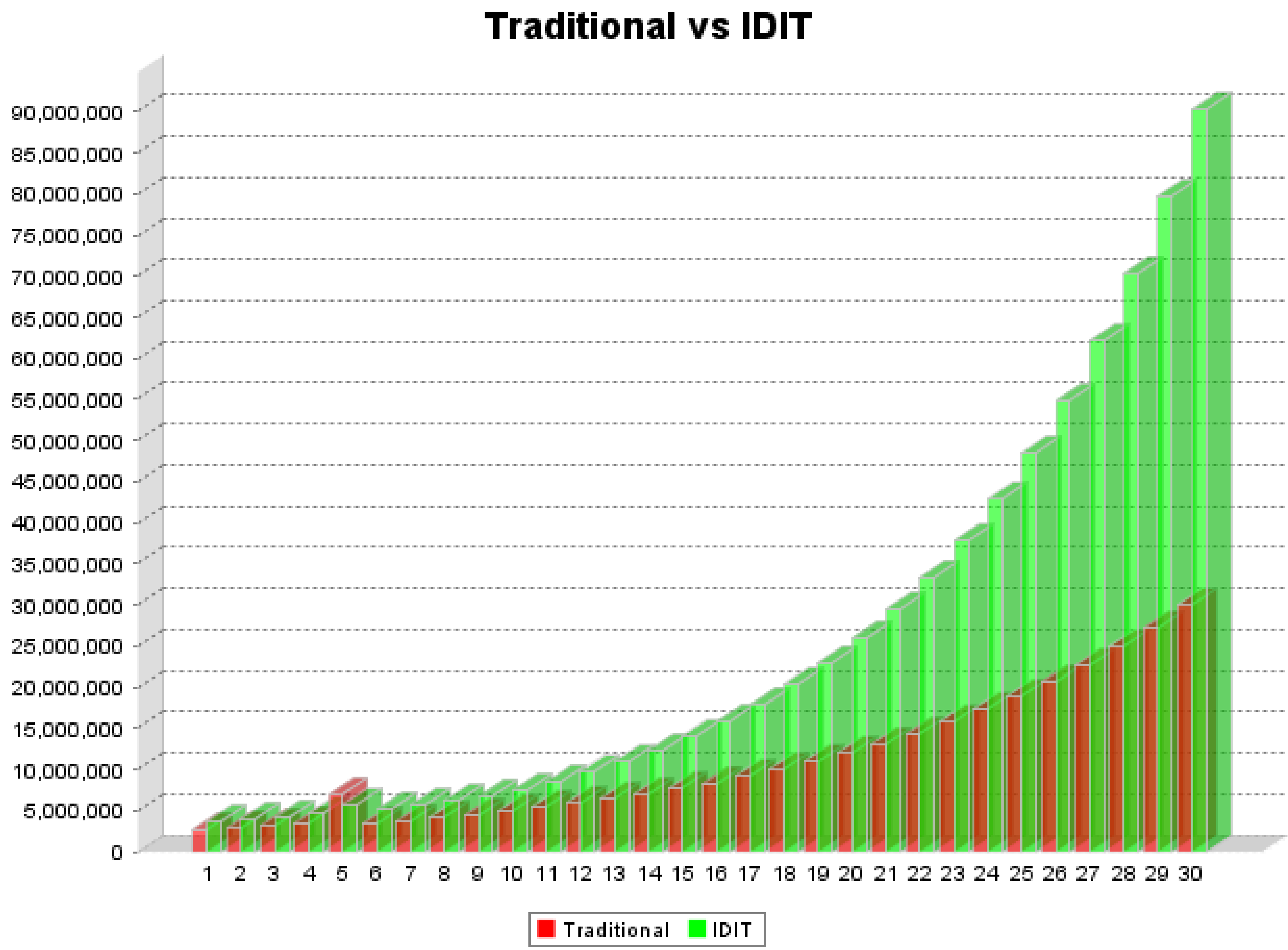
Estate Taxes After Tax Planning With IDIT

Number	Year	Total Real Estate Value	Note & Principal Payment From Real Estate	Total Securities Portfolio	Yield On Securities @ 7.00%	GRAT Payment From Securities	End Of Year Total Taxable Estate	Total Estate Taxes	Total To Estate Taxes	Net To Family
1	2006	3,038,000	107,181	2,021,441	101,072	261,800	2,563,717	1,179,310	46%	3,719,403
2	2007	3,332,619	107,181	1,860,713	93,036	261,800	2,301,917	1,035,863	45%	3,988,705
3	2008	3,666,205	107,181	1,691,949	84,597	261,800	2,040,117	918,053	45%	4,262,898
4	2009	4,043,909	107,181	1,514,746	75,737	261,800	1,778,318	800,243	45%	4,572,350
5	2010	4,471,568	107,181	1,328,684	66,434	261,800	1,516,518	0	0%	5,604,886
6	2011	4,955,788	107,181	1,133,318	56,666	261,800	1,254,718	690,095	55%	5,193,878
7	2012	5,504,051	107,181	928,184	46,409	261,800	992,918	546,105	55%	5,670,739
8	2013	6,124,825	107,181	712,794	35,640	261,800	731,118	402,115	55%	6,209,343
9	2014	6,827,702	107,181	486,634	24,332	261,800	469,319	258,125	55%	6,818,742
10	2015	7,623,540	107,181	249,166	12,458	261,800	207,519	114,135	55%	7,509,228
11	2016	8,524,634	0	0	0	0	0	0	55%	8,524,634
12	2017	9,652,085	0	0	0	0	0	0	55%	9,652,085
13	2018	10,928,651	0	0	0	0	0	0	55%	10,928,651
14	2019	12,374,054	0	0	0	0	0	0	55%	12,374,054
15	2020	14,010,622	0	0	0	0	0	0	55%	14,010,622
16	2021	15,863,640	0	0	0	0	0	0	55%	15,863,640
17	2022	17,961,734	0	0	0	0	0	0	55%	17,961,734
18	2023	20,337,318	0	0	0	0	0	0	55%	20,337,318
19	2024	23,027,093	0	0	0	0	0	0	55%	23,027,093
20	2025	26,072,611	0	0	0	0	0	0	55%	26,072,611
21	2026	29,520,925	0	0	0	0	0	0	55%	29,520,925
22	2027	33,425,305	0	0	0	0	0	0	55%	33,425,305
23	2028	37,846,071	0	0	0	0	0	0	55%	37,846,071
24	2029	42,851,519	0	0	0	0	0	0	55%	42,851,519
25	2030	48,518,978	0	0	0	0	0	0	55%	48,518,978
26	2031	54,936,004	0	0	0	0	0	0	55%	54,936,004
27	2032	62,201,734	0	0	0	0	0	0	55%	62,201,734
28	2033	70,428,415	0	0	0	0	0	0	55%	70,428,415
29	2034	79,743,141	0	0	0	0	0	0	55%	79,743,141
30	2035	90,289,814	0	0	0	0	0	0	55%	90,289,814

Before and After With IDIT Estate Tax Planning

Number	Year	Total Estate Taxes Before IDIT	Total Estate Taxes After IDIT	Decrease In Estate Taxes After IDIT	Net To Family Before IDIT	Net To Family After IDIT	Increase To Family After IDIT
1	2006	2,355,863	1,179,310	1,176,553	2,765,578	3,719,403	953,825
2	2007	2,444,148	1,035,863	1,408,286	2,987,292	3,988,705	1,001,413
3	2008	2,666,025	918,053	1,747,972	3,258,475	4,262,898	1,004,423
4	2009	2,909,052	800,243	2,108,809	3,555,508	4,572,350	1,016,842
5	2010	0	0	0	7,056,211	5,604,886	-1,451,325
6	2011	4,237,477	690,095	3,547,382	3,467,027	5,193,878	1,726,851
7	2012	4,628,242	546,105	4,082,137	3,786,743	5,670,739	1,883,996
8	2013	5,047,077	402,115	4,644,962	4,129,427	6,209,343	2,079,917
9	2014	5,505,929	258,125	5,247,804	4,504,851	6,818,742	2,313,891
10	2015	6,008,719	114,135	5,894,583	4,916,224	7,509,228	2,593,004
11	2016	6,559,758	0	6,559,758	5,367,075	8,524,634	3,157,559
12	2017	7,163,785	0	7,163,785	5,861,279	9,652,085	3,790,807
13	2018	7,826,010	0	7,826,010	6,403,099	10,928,651	4,525,553
14	2019	8,552,157	0	8,552,157	6,997,220	12,374,054	5,376,834
15	2020	9,348,523	0	9,348,523	7,648,792	14,010,622	6,361,830
16	2021	10,222,027	0	10,222,027	8,363,477	15,863,640	7,500,163
17	2022	11,180,276	0	11,180,276	9,147,499	17,961,734	8,814,235
18	2023	12,231,636	0	12,231,636	10,007,702	20,337,318	10,329,617
19	2024	13,385,300	0	13,385,300	10,951,609	23,027,093	12,075,484
20	2025	14,651,380	0	14,651,380	11,987,493	26,072,611	14,085,118
21	2026	16,040,993	0	16,040,993	13,124,449	29,520,925	16,396,476
22	2027	17,566,360	0	17,566,360	14,372,476	33,425,305	19,052,829
23	2028	19,240,921	0	19,240,921	15,742,572	37,846,071	22,103,499
24	2029	21,079,454	0	21,079,454	17,246,826	42,851,519	25,604,694
25	2030	23,098,207	0	23,098,207	18,898,533	48,518,978	29,620,445
26	2031	25,315,049	0	25,315,049	20,712,312	54,936,004	34,223,692
27	2032	27,749,627	0	27,749,627	22,704,240	62,201,734	39,497,494
28	2033	30,423,548	0	30,423,548	24,891,994	70,428,415	45,536,421
29	2034	33,360,571	0	33,360,571	27,295,013	79,743,141	52,448,128
30	2035	36,586,825	0	36,586,825	29,934,675	90,289,814	60,355,139

Intentionally Defective Irrevocable Trust Comparison



ELIMINATING THE GRAT SIDE EFFECTS

By Strategically combining the tax advantages of the 10 Year GRAT with life insurance, your plan may eliminate the side effects (see below) of the GRAT technique. The insurance is designed to provide you with 98.17% of the tax savings, regardless of when deaths occur.

HOW DOES THIS WORK

Growth and Income of the GRAT (Year 9)		**$7,872,705**
Estate Taxes (if death occurs too soon)		**4,329,988**
Insurance Death Benefit	(a)	**8,000,000**
Annual Insurance Premium		**108,000**
Accumulated Cost of Insurance ($108,000 x 9 years)	(b)	**$972,000**
Cash Value of Life Insurance	(c)	**$825,232**
Cost to Preserve Tax Savings (Insurance)	(d)=(b-c)	**$146,768**
Cost of Protection as a Percent of Tax Savings	(d)/(a)	**1.83%**
Percent of Tax Savings Realized		**98.17%**

SIDE EFFECT

If death occurs before the end of the GRAT term, GRAT payments and the assets are included in the taxable estate not as cash, but as continued annuity payments, thus not available to pay the tax.

SOLUTION

Insurance proceeds replace the tax savings if early death occurs. These tax-free proceeds (when insurance is owned outside the estate) are in addition to any assets passing through the estate.

SUMMARY

Professionals often refer to the Grantor Retained Annuity Trust (GRAT) as a "heads you win, tails you tie" scenario. However, combining the power of the GRAT with life insurance yields a "heads you win, tails you win" outcome for you and for your family.

THE PROBLEM

Due to your sound financial acumen, your assets Boardwalk, Park Place, provide steady growth and income. However, the fair market value plus growth and income not spent continue to add to your estate tax liability.

Todays Fair Market Value	$4,545,240
Projected Years of Growth	25.0
Average Growth Rate	5.96%
Average Income Rate	5.74%
Total Value (projected) in Taxable Estate	**$32,596,851**
Estate Tax (55%)	**$17,928,268**
Net Value Passing to Family	**$14,668,583**

When one's estate (and the estate tax liability) is growing faster than can be reduced by personal spending and normal (tax free) gifting to one's family, leveraged gifts can be very effective. This process can reduce the value of the assets being transferred, often resulting in the reduction of taxes.

Let's examine a double discount leveraging technique that is often utilized with this circumstance.

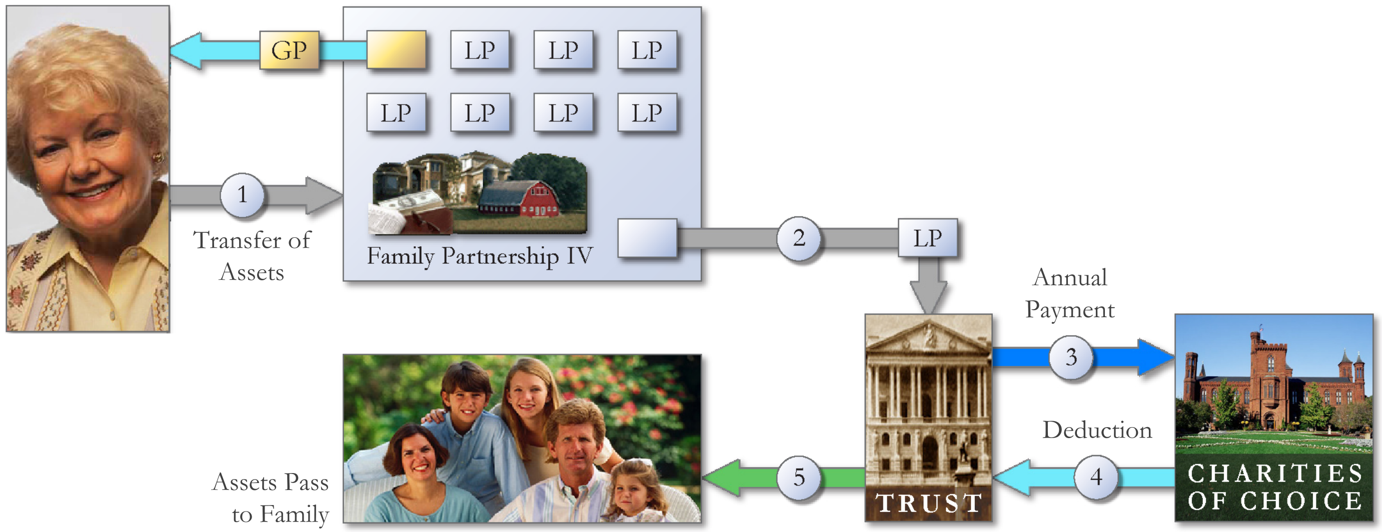
CURRENT SITUATION

Assets	Current Full Value	Grown for 25 years
Boardwalk	1,813,000	7,781,162
Park Place	2,548,000	10,935,687
Total of Assets	4,361,000	18,716,848
Securities & Rental Income	184,240	13,880,003
Total Value	4,545,240	32,596,851
Value for Estate Tax Purpose	4,545,240	18,716,848
Value of excess cash invested	-	13,880,003
Total value in estate	4,545,240	32,596,851
Estate Tax	(2,499,882)	(17,928,268)
Amount to Family	$2,045,358	$14,668,583
Amount to Charity	$0	$0

Securities + accum. Net Rental Income + accum. Securities

	Rental Income From Assets	Income Taxes on Rents	Net Earnings on Sec. Portfolio (0%)	Portfolio Balance
				184,240
1	257,417	(111,024)	9,212	339,845
2	272,862	(117,685)	16,992	512,013
3	289,233	(124,746)	25,601	702,101
4	306,587	(132,231)	35,105	911,562
5	324,983	(140,165)	45,578	1,141,958
6	344,481	(148,575)	57,098	1,394,963
7	365,150	(157,489)	69,748	1,672,372
8	387,059	(166,939)	83,619	1,976,111
9	410,283	(176,955)	98,806	2,308,244
10	434,900	(187,572)	115,412	2,670,984
11	460,994	(198,827)	133,549	3,066,701
12	488,654	(210,756)	153,335	3,497,933
13	517,973	(223,402)	174,897	3,967,401
14	549,051	(236,806)	198,370	4,478,016
15	581,994	(251,014)	223,901	5,032,897
16	616,914	(266,075)	251,645	5,635,381
17	653,929	(282,039)	281,769	6,289,039
18	693,164	(298,962)	314,452	6,997,694
19	734,754	(316,900)	349,885	7,765,433
20	778,840	(335,913)	388,272	8,596,631
21	825,570	(356,068)	429,832	9,495,964
22	875,104	(377,432)	474,798	10,468,434
23	927,610	(400,078)	523,422	11,519,388
24	983,267	(424,083)	575,969	12,654,541
25	1,042,263	(449,528)	632,727	13,880,003

CHARITABLE LEAD ANNUITY TRUST (CLAT)



THE PROCESS

1. A Family Limited Partnership (FLP) is formed with a 2% General Partnership (GP) interest and 98% Limited Partnership (LP) interest. Assets are then transferred to the FLP.
2. A Charitable Lead Annuity Trust (CLAT) is also established and LP interests are gifted to the trust. This gift receives a substantial discount from its original value.
3. The charity(ies) of your choice receive(s) a fixed annual payment for 10 years from the income generated by the assets transferred to the FLP/CLAT.
4. The CLAT receives an income tax charitable deduction for the payments made to charity(ies). Any excess income is taxed and the net accumulates in the trust.
5. At the end of the CLAT term, the assets plus any appreciation and excess income pass estate-tax free to your family.

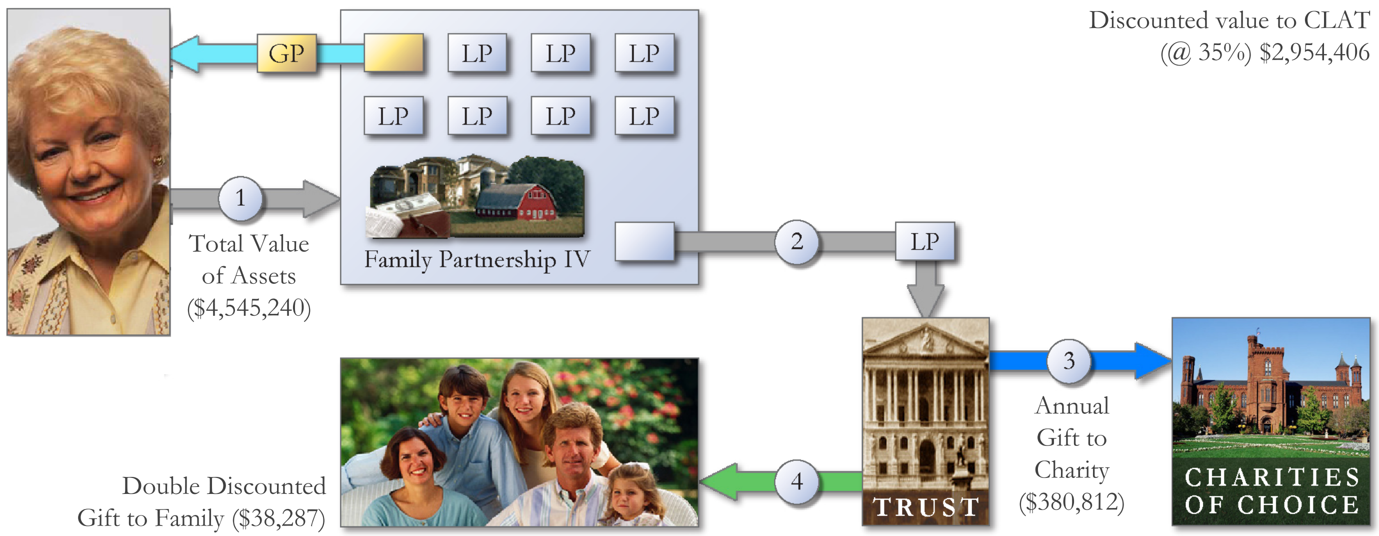
BENEFITS OF USING THIS TECHNIQUE

- Valuation discounts are made possible by the FLP. An additional discount is obtained by the CLAT.
- Only a portion of the full value of the assets is subject to estate/gift taxes.
- Full value of the net assets remaining in the CLAT is later transferred to the heirs without additional tax.
- Excess earnings and growth in the value of the assets add to the benefit for the family.
- The substantial tax savings are shared by the heirs and the selected charities.

SIDE EFFECTS/DRAW BACKS OF USING THIS TECHNIQUE

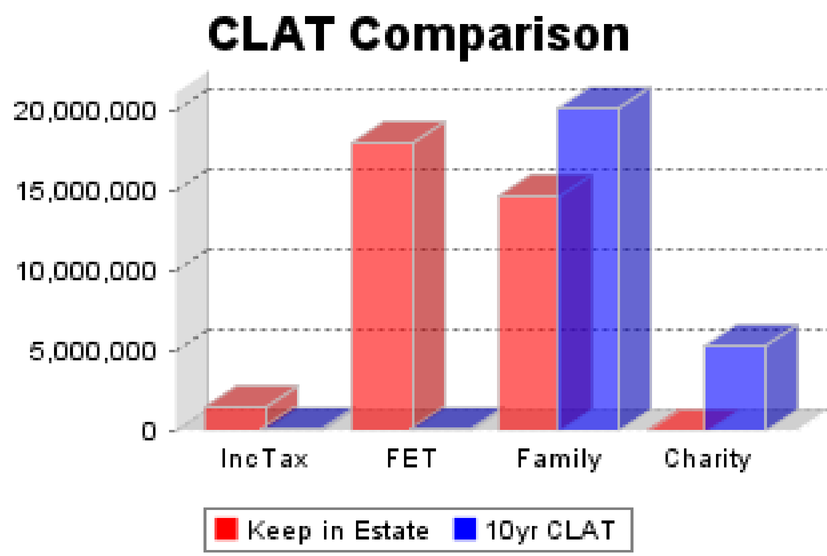
- All income from these assets is directed to charity or retained in the trust.
- Heirs lose the step-up in basis of the assets upon the parent's death.

THE COMPARISON



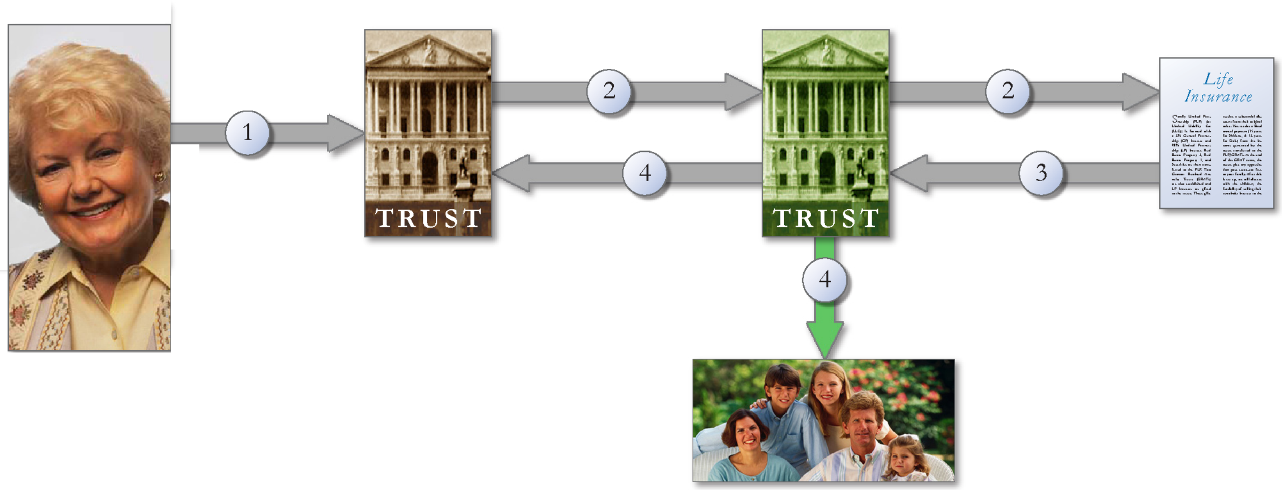
COMPARISON IN 25 YEARS

	Keep in the Estate	10 yr CLAT	Difference
Total Income Taxes:	$1,447,310	$29,252	$1,418,058
Estate/Gift Taxable:	**$32,596,851**	**$38,287**	**$32,558,564**
Total Estate/Gift Taxes:	**$17,928,268**	**$21,058***	**$17,907,210**
Total to Family	**$14,668,583**	**$20,036,655**	**$5,368,072**
Total to Charity	**$0**	**$5,261,469**	**$5,261,469**



* Taxable gifts are covered by the lifetime exemption.

IRREVOCABLE INHERITANCE (CRUMMEY) TRUST



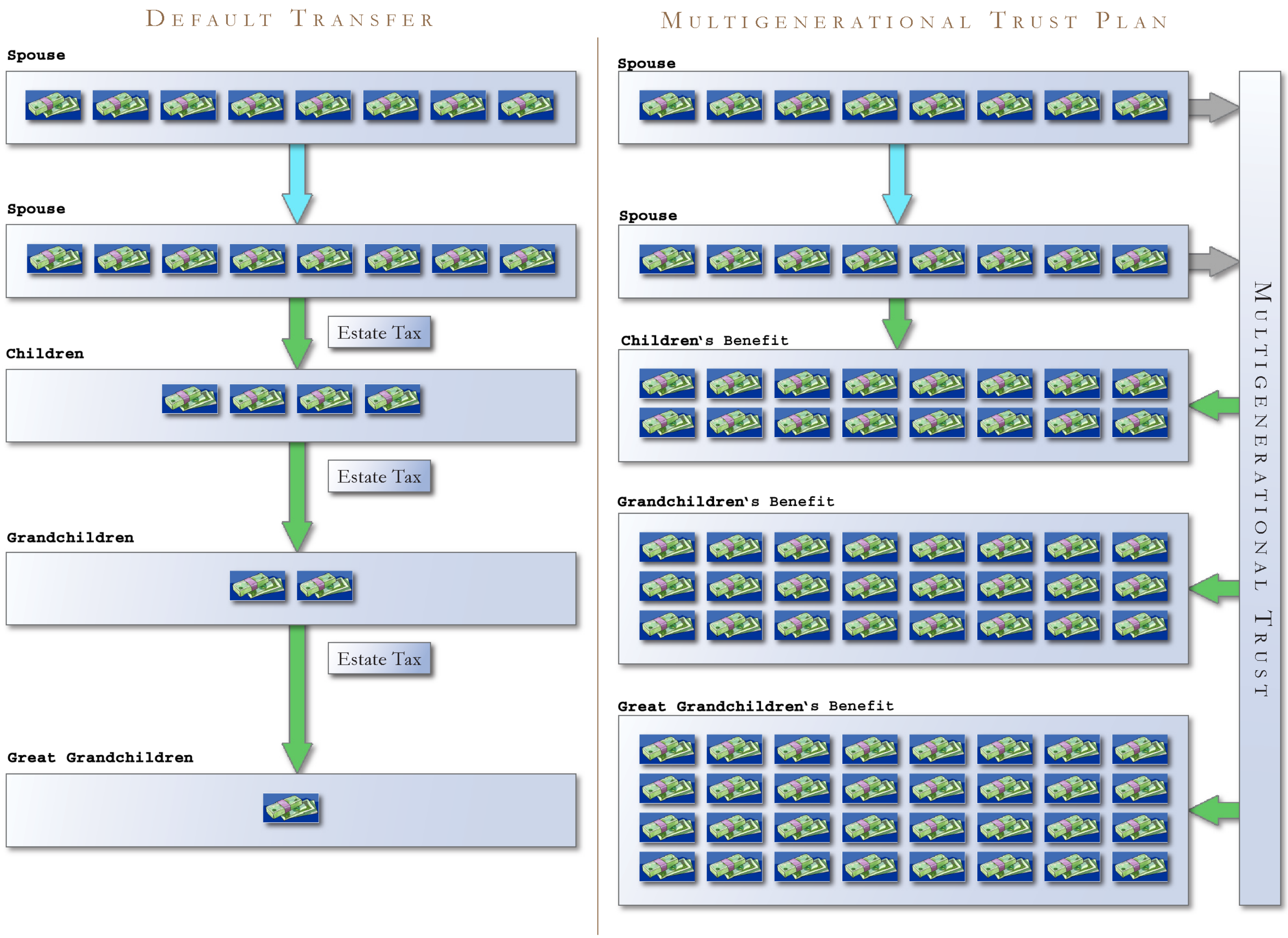
1. Monika makes annual gifts of $192,000 to an Irrevocable Inheritance (Crummey) Trust utilizing annual exclusion gifts, which can be made for both children and grandchildren.
2. The trustee uses the gifts to loan money to the Multigenerational Trust which then purchases $27,500,000 of life insurance on Monika's life with an annual premium of $458,540.
3. Upon the death (of Monika), the life insurance proceeds are paid to the Multigenerational Trust free of both income and estate taxes.
4. The Multigenerational Trust then uses insurance proceeds to repay the loan to this trust.
5. Distributions are made to children and grandchildren from both trusts, as directed by instructions from Monika

OTHER ISSUES

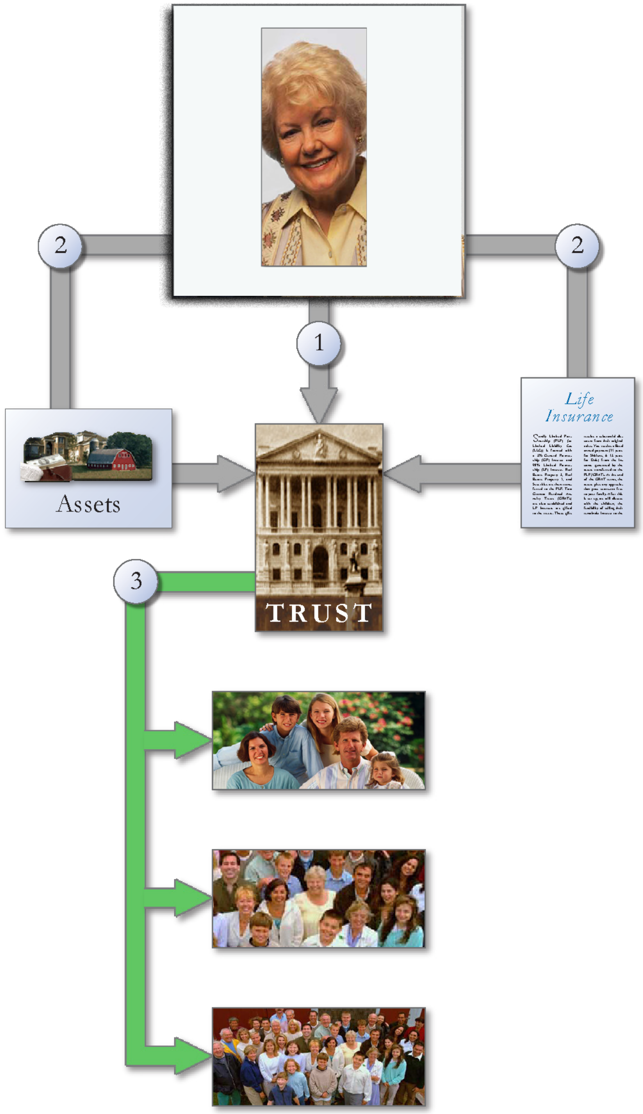
- Trustee must notify the beneficiaries in writing of the gift made to this trust. (Crummey power withdrawal right letters drafted by attorney)
- Beneficiaries have a certain amount of time (e.g. 30 days) to 'demand' their share of the gift. This withdrawal right creates a "present interest (vs. a "future interest") gift", thus enabling the annual exclusion to apply.
- Beneficiaries can elect to receive some or all of their gift, refuse the gift in writing, or waive the gift by allowing their option to lapse.

Monika Longview

Multigenerational Trust



Multigenerational Trust



1. Monika transfers Marketable Securities to a Family Limited Partnership (FLP) or an Limited Liability Corporation (LLC).
2. LP/MI interests are then gifted to the Multigenerational Trust, utilizing Generation-Skipping Tax Exemptions. The FLP/LLC interests could receive discounts for a lack of marketability and a lack of control.
3. Assets can be protected for family from divorced spouses, creditors, and estate taxes.
4. Earnings of the Multigenerational Trust can benefit future posterity according to the financial philosophy designated by Monika in the trust instrument.
5. Upon the deaths of children, grandchildren, etc., assets remaining in the trust can avoid estate taxes as long as the trust is allowed to continue. This length of time is based upon the laws of each state, called the "Rule against perpetuities". In many states, this trust could last as long as 100 years or so, whereas in others such as Delaware, South Dakota or Alaska it could last indefinitely.
6. The Multigenerational Trust can also use Life Insurance and other assets to leverage, hedge and add to the gifted capital. (Please refer to Recommendations for details.)

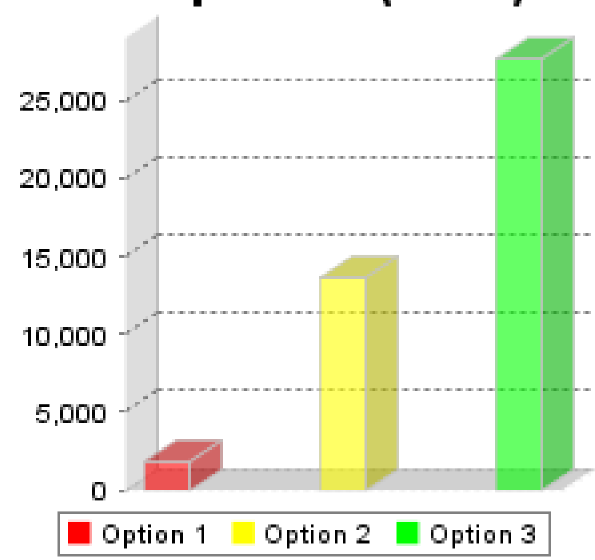
GRANTOR MULTIGENERATIONAL TRUSTS

	Option 1 Normal Estate Distribution		Option 2 Multigenerational Trusts in CA		Option 3 Multigenerational Trusts in Delaware	
First Generation (18 years)						
Starting Value	$	1,121,668	$	1,121,668	$	1,121,668
Net Growth of Assets	$	2,850,980	$	2,234,695	$	2,234,695
Value At Death	$	3,972,648	$	3,356,363	$	3,356,363
Less Estate Tax	$	1,827,418		0		0
Total Benefit to family	**$**	**2,145,230**	**$**	**3,356,363**	**$**	**3,356,363**
Present Value of Amount to family (3% Infl.)	$	1,260,096	$	1,971,510	$	1,971,510
Second Generation (25 years)						
Starting Value	$	2,145,230	$	3,356,363	$	3,356,363
Average Annual Income 3% per year	$	65,040	$	107,607	$	109,332
PV of Average Income (3% Infl)	$	18,246	$	30,188	$	30,672
Net Growth of Assets	$	1,638,381	$	3,219,947	$	3,417,719
Value At Death	$	3,783,611	$	6,576,311	$	6,774,082
Less Estate Tax	$	1,740,461		0		0
Total Benefit to family	**$**	**2,043,150**	**$**	**6,576,311**	**$**	**6,774,082**
Present Value of Amount to family (3% Infl.)	$	573,191	$	1,844,937	$	1,900,421
Third Generation (25 years)						
Starting Value	$	2,043,150	$	6,576,311	$	6,774,082
Average Annual Income 3% per year	$	61,945	$	210,841	$	220,663
PV of Average Income (3% Infl)	$	8,300	$	28,250	$	29,566
Net Growth of Assets	$	1,560,420	$	6,309,024	$	6,897,917
Value At Death	$	3,603,570	$	12,885,334	$	13,671,999
Less Estate Tax	$	1,657,642		0		0
Total Benefit to family	**$**	**1,945,928**	**$**	**12,885,334**	**$**	**13,671,999**
Present Value of Amount to family (3% Infl.)	$	260,733	$	1,726,491	$	1,831,896
Fourth Generation (25 years)						
Starting Value	$	1,945,928	$	12,885,334	$	13,671,999
Average Annual Income 3% per year	$	58,997	$	413,113	$	445,361
PV of Average Income (3% Infl)	$	3,775	$	26,437	$	28,500
Net Growth of Assets	$	1,486,168	$	12,361,624	$	13,921,931
Value At Death	$	3,432,096	$	25,246,959	$	27,593,930
Less Estate Tax	$	1,578,764	$	11,613,601		0
Total Benefit to family	**$**	**1,853,332**	**$**	**13,633,358**	**$**	**27,593,930**
Present Value of Amount to family (3% Infl.)	$	118,602	$	872,451	$	1,765,841
COMPARISON OF PRINCIPAL ACCOUNTS						
Unadjusted Balance	$	1,853,332	$	13,633,358	$	27,593,930
Inflation Adjusted	$	118,602	$	872,451	$	1,765,841
Effectiveness Index (compared to Sc1)	**$**	**1**	**$**	**7.4 : 1**	**$**	**14.9 : 1**

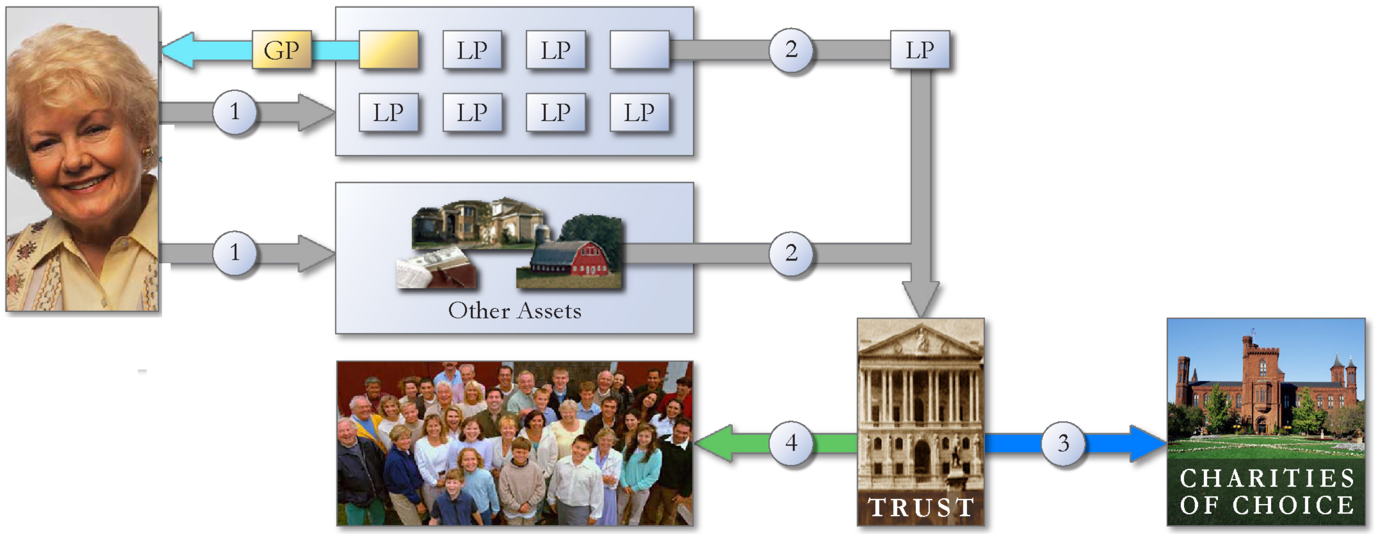
ASSUMPTIONS FOR COMPARISON

Current FMV of security Porfolio	**1,121,668**
Years per Generation(2nd thru 4th)	**25**
Estate Tax Rate	**55%**
Inflation Rate	**3%**
Monika Life Expectancy	**19**
Annual Rate of Income (gross)	**2.28%**
Annual Rate of Growth (gross)	**5%**
Annual Payout Rate (2nd - 4th generations)	**3%**
Trustee Fee Rate	**1%**
Net Annual Growth (CA)	**2.53%**
Net Annual Growth (DE)	**2.71%**

Comparison (000's)



Testamentary Charitable Lead Annuity Trust



1. Upon your death, a Testamentary Charitable Lead Annuity Trust (Test. CLAT), which will be described in your Living Trust, becomes operative. Except for personal effects and enough liquidity to pay administrative expenses, all other remaining assets (some of which could be in an LLC) are then transferred to the Test. CLAT. Your estate will receive a substantial deduction from the taxable estate based on the term of the trust and the payout to charity.
2. The family foundation (discussed next) and subsequently the charity(ies) of choice receive(s) a fixed annual payment for 20 years from the income generated by the use of assets transferred to the Test. CLAT.
3. At the end of the Test. CLAT term, the assets plus any appreciation pass estate-tax free to the family.

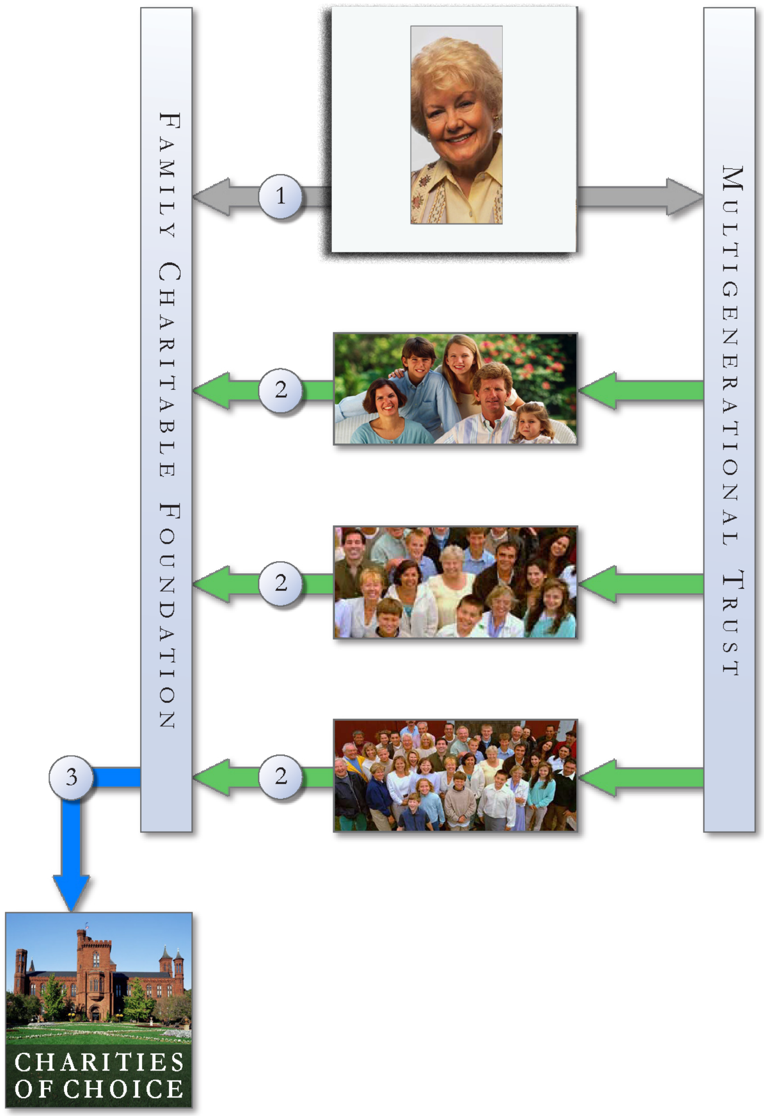
Benefits of Using this Technique

- A substantial discount is obtained by your estate through utilizing the Test. CLAT.
- Monika has full control of assets while living, and can choose the level of control by the family after death.
- Full value of the assets is later transferred to the family without additional tax.
- Excess earnings and growth in the value of assets add to the benefit to the family.
- The substantial tax savings are shared by the family and selected charities.
- Assets transferred to the Test. CLAT receive a step up in basis.

Side Effects / Draw backs of using this technique

- Heirs do not receive the benefit of the assets until after the CLAT term expires.

FAMILY CHARITABLE FOUNDATION



1. A Family Charitable Foundation is created in the form of a Supporting Organization (SO), which operates under the sponsorship umbrella of a Public Charitable Foundation. This sponsor provides the necessary reporting paperwork and also favorable tax treatment. Monika funds this SO, possibly in several stages (see other recommendations), helps oversee the SO and directs distributions to charities from the SO during his/her lifetime.
2. Children, grandchildren and beyond can become involved in both the management of the SO as well as the awarding of distributions to various charities. As this is done, their hearts can be touched and enlarged as they observe the beneficial effects of their humanitarian efforts.
3. As these distributions are made, family members have the opportunity to participate in a wonderful process. In addition to benefiting mankind and their respective communities, important relationships can be formed with community leaders, which can open many other opportunities and positive experiences for family members.

MONIKA LONGVIEW

ESTIMATE OF CASH FLOWS - SCENARIO #2 AFTER (IN 000'S)

											C	
Ages: (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**
I.CASH FLOW												
CASH RECEIPTS:												
Consulting Income	156	161	168	174	181	187	195	202	210	218	0	0
Social Security	16	16	17	17	18	18	19	19	20	21	26	32
Interest On Cash	16	16	16	16	16	16	16	16	16	16	16	16
Int & Div on Securities Portfolio	0	3	7	11	15	20	24	29	34	40	55	95
Retirement Distributions	415	415	415	415	415	415	415	415	415	415	0	0
CRUT(s) Distributions	157	159	160	162	163	165	167	168	170	172	186	199
Cash distributed from GRATs	285	285	285	285	285	285	285	285	285	285	0	0
IDIT GRAT Payments	368	368	368	368	368	368	368	368	368	368	0	0
General Partner Rental Income	13	14	15	16	17	19	20	21	23	24	41	67
Municipal Bonds	49	49	49	49	49	49	49	49	49	49	49	49
Total Cash Recipts	1,478	1,490	1,503	1,517	1,531	1,546	1,561	1,577	1,593	1,610	375	460
DISBURSEMENTS:												
Living Expenses	150	152	154	156	159	161	164	166	168	171	193	214
Vacation (other expe	7	7	7	7	7	7	7	7	7	7	7	7
Charitable Contribut	10	10	10	10	10	10	10	10	10	10	10	10
RPM Trust	244	244	244	244	244	227	227	227	227	227	0	0
Gift to Irrevocable (Crummey) Trust	192	192	192	192	192	192	192	192	192	192	0	0
RPM Taxes	170	170	170	170	170	187	187	187	187	187	0	0
Taxes from Grantor Multigeneration Trust	13	11	8	5	2	-1	-4	-8	-11	-15	0	0
Income Tax	560	563	567	571	575	635	640	645	650	656	70	94
Total Disbursements	1,348	1,351	1,355	1,358	1,362	1,421	1,425	1,429	1,433	1,438	281	325
EXCESS CASH FLOW:	**129**	**138**	**148**	**158**	**169**	**125**	**136**	**147**	**159**	**172**	**94**	**134**
II.SECURITIES PORTFOLIO												
BEG. BALANCE SECURITIES PORTFOLIO	0	134	284	449	632	833	997	1,178	1,379	1,600	2,206	3,802
Excess Cash	129	138	148	158	169	125	136	147	159	172	94	134
Growth	5	10	17	24	32	38	45	53	61	70	92	157
ENDING BALANCE SECURITIES PORTFOLIO	134	284	449	632	833	997	1,178	1,379	1,600	1,844	2,392	4,094

C: Monika actuarial life expectancy - 18 years

ESTIMATE OF NET WORTH - SCENARIO #2 AFTER (IN 000'S)

											C	
Ages: (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**
III.Net Worth												
Checking	827	827	827	827	827	827	827	827	827	827	827	827
Muni Bonds	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Sec Portfolio	134	284	449	632	833	997	1,178	1,379	1,600	1,844	2,392	4,094
RPM Remaining	3,781	3,630	3,469	3,297	3,112	2,915	2,704	2,478	2,237	1,978	0	0
Residence	832	865	899	935	973	1,012	1,052	1,094	1,138	1,184	1,620	2,132
Furnishings	120	120	120	120	120	120	120	120	120	120	120	120
Car	60	60	60	60	60	60	60	60	60	60	60	60
Half Moon Bay Condo (Monika's QPRT)	689	730	774	820	869	922	977	1,036	1,098	1,164	0	0
General Partner Retained Interest in FLP	246	263	281	301	322	345	369	395	424	454	799	1,336
Life Insurance	86	100	115	130	145	160	175	190	205	220	339	443
END OF YEAR NET WORTH	8,176	8,282	8,398	8,525	8,664	8,759	8,865	8,982	9,110	9,252	7,559	10,414

C: Monika actuarial life expectancy - 18 years

ESTIMATE OF NET WORTH - SCENARIO #2 AFTER (IN 000'S)

											C	
Ages: (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**
IV.Estate Distribution												
Grantor Retained Annuity Trust	3,589	3,835	4,116	4,434	4,801	5,199	5,657	6,170	6,746	7,389	0	0
IDIT GRAT	3,038	3,332	3,666	4,043	4,471	4,955	5,504	6,124	6,827	7,623	0	0
Assets Placed in 20 Yr Test. CLAT	8,176	8,282	8,398	8,525	8,664	8,759	8,865	8,982	9,110	9,252	7,559	10,414
Deduction from 20 Yr Test. CLAT	-8,177	-8,283	-8,399	-8,526	-8,665	-8,760	-8,866	-8,983	-9,111	-9,253	-7,560	-10,415
Taxable Life Insurance	314	299	284	269	254	239	224	209	194	179	60	-44
Exemptions(1)	2,000	2,000	2,000	3,500	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Taxable Estate	5,189	5,705	6,294	5,466	9,736	9,594	10,575	11,684	12,938	14,353	0	0
TOTAL TAXES AT DEATH	3,704	3,700	3,895	3,639	1,276	6,098	6,573	7,114	7,732	8,435	0	0
Multigenerational Trusts	1,121	1,177	1,236	1,298	1,363	1,431	1,503	1,578	1,657	1,740	2,570	3,617
Half Moon Bay Condo fromMonika's QPRT	0	0	0	0	0	0	0	0	0	0	1,750	2,631
Grantor Retained Annuity Trust (Family)	0	0	0	0	0	0	0	0	0	0	17,039	31,044
Intentionaly Defective Irrevocable Trust	3,719	3,988	4,262	4,572	5,604	5,193	5,670	6,209	6,818	7,509	20,337	48,518
Life Insurance From GRAT(s)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	0	0
Life Insurance from CRUT	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Retirement Plan Maximizer	11,003	11,003	10,975	10,945	11,837	10,448	10,423	10,395	10,365	10,333	10,249	10,331
Charitable Lead Annuity Trust (CLAT)	4,545	4,696	4,870	5,071	5,300	5,560	5,854	6,187	6,560	6,970	11,938	20,057
Present Value Test. CLAT	7,985	8,088	8,201	8,325	8,462	8,555	8,657	8,771	8,897	9,036	7,382	10,170
Irrevocable Trust(Receivables @6%)	192	395	611	839	1,082	1,339	1,611	1,900	2,206	2,530	5,933	10,533
NET TO FAMILY	47,551	48,855	50,058	50,380	59,609	53,524	55,223	57,112	59,212	61,538	79,703	139,406
Net To Family Inflation Adjusted	47,551	47,432	47,184	46,105	52,962	46,170	46,248	46,437	46,743	47,164	48,221	68,578
Amount to Charity from WPT	2,651	2,677	2,704	2,731	2,758	2,786	2,814	2,842	2,870	2,899	3,139	3,366
Amount to Charity from CLAT	380	788	1,224	1,690	2,189	2,724	3,295	3,907	4,561	5,261	9,040	14,516
PV of AMT to Charity from Test. CLAT	8,224	8,330	8,447	8,575	8,716	8,811	8,917	9,035	9,164	9,307	7,604	10,475
TOTAL TO CHARITY	11,267	11,818	12,409	13,044	13,724	14,395	15,115	15,888	16,717	17,606	20,108	28,934

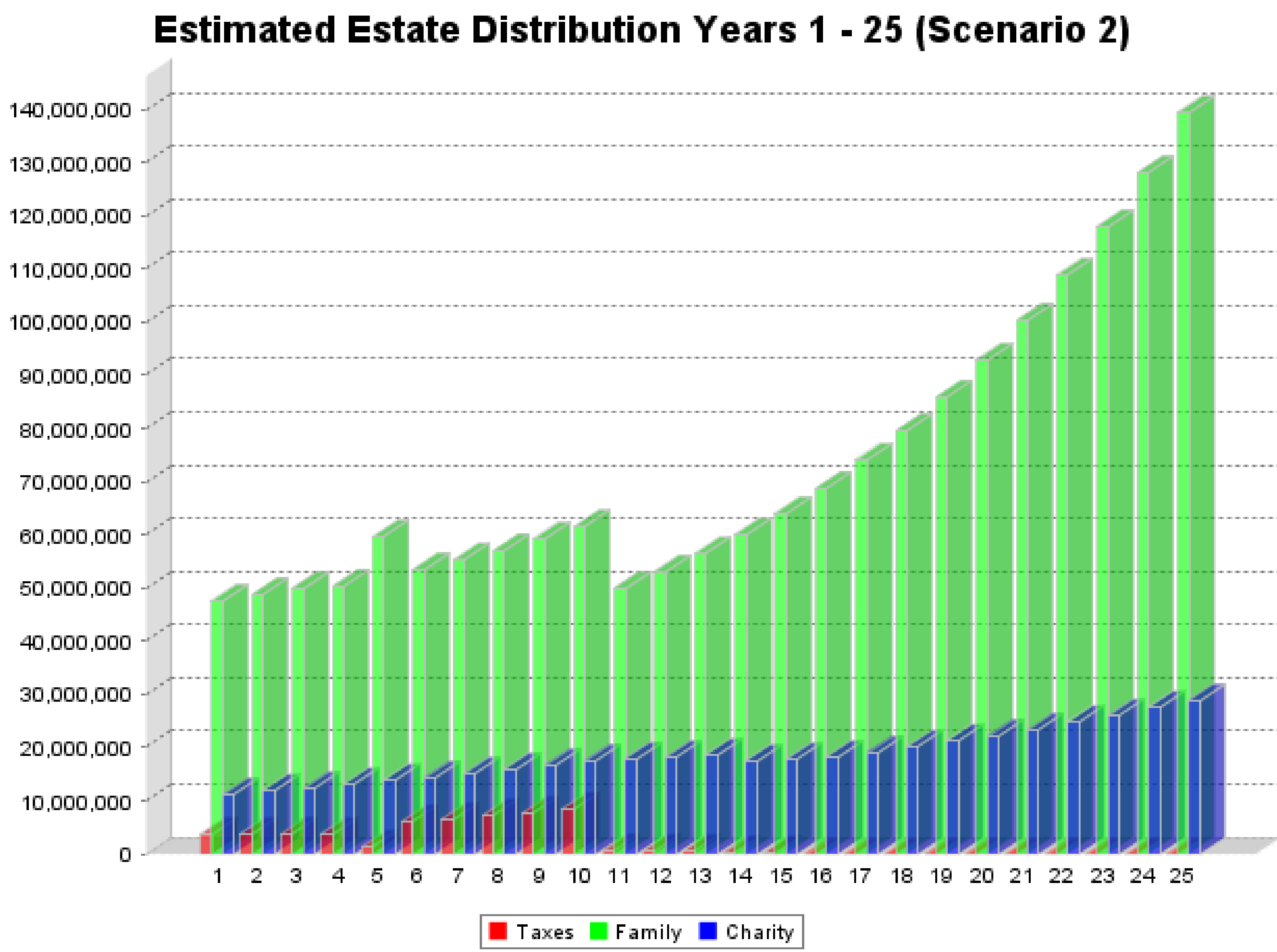
C: Monika actuarial life expectancy - 18 years

Estimate Of Net Worth - Scenario #2 After (in 000's)

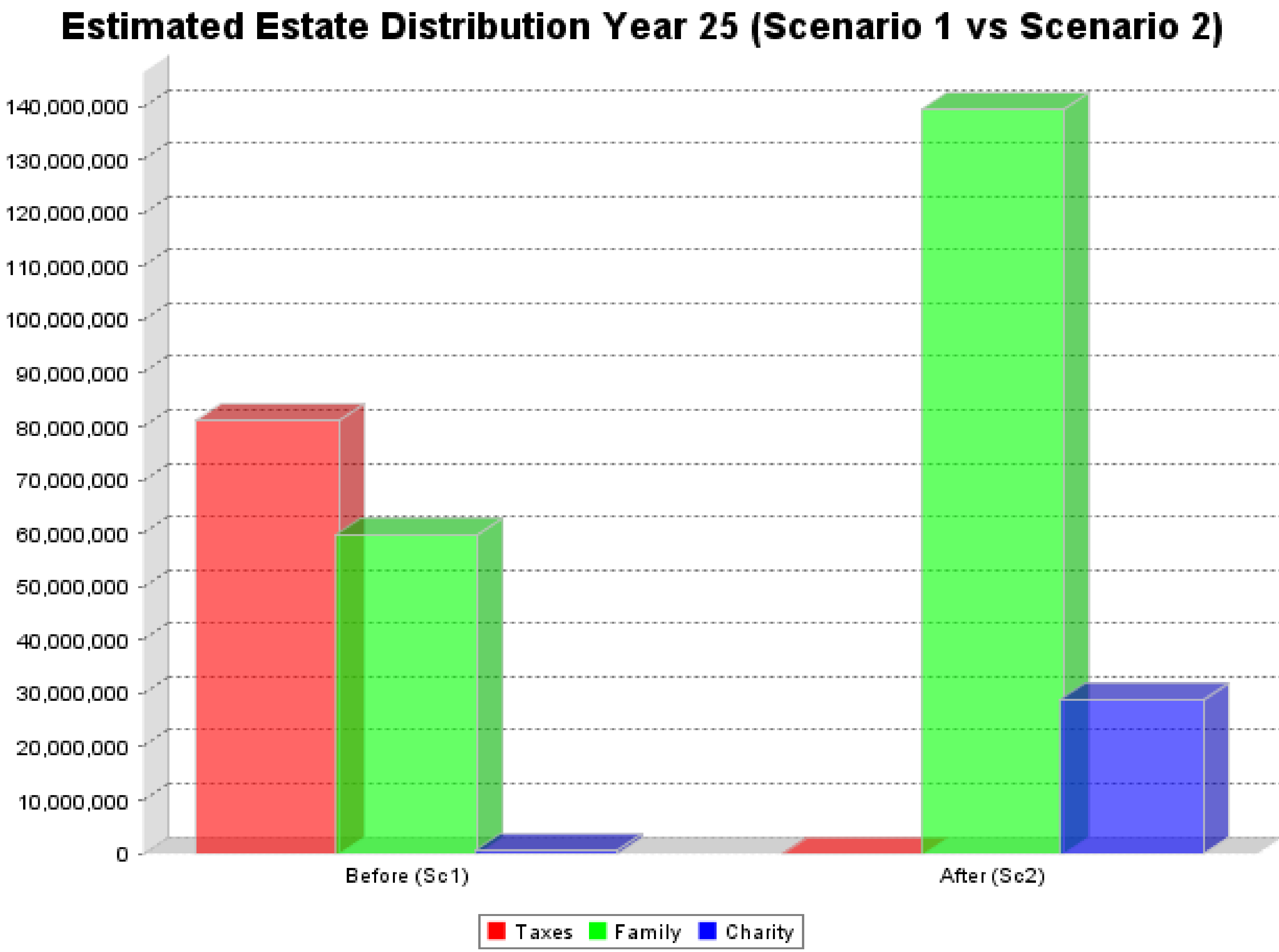
											C	
Ages: (Monika)	67	68	69	70	71	72	73	74	75	76	84	91
End of Fiscal Year #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**18**	**25**

C: Monika actuarial life expectancy - 18 years

Estate Distribution Comparison



ESTATE DISTRIBUTION COMPARISON



ESTATE DISTRIBUTION COMPARISON