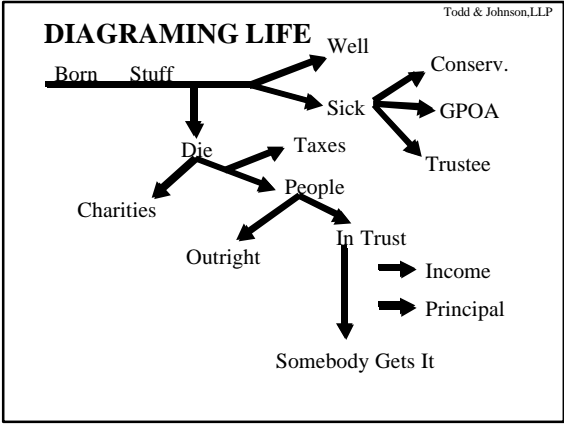


**Albert C. Todd III
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1500**

**IS WHERE YOU ARE GOING
WHERE YOU WANT TO BE
WHEN YOU GET THERE?**

**BIG PICTURE
ALTERNATIVES
TAX IMPACT
TYPICAL PLANS
BEYOND BASICS**



THE BIG PICTURE

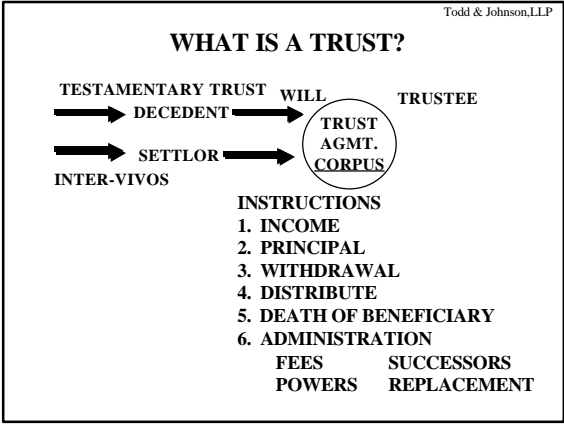
WHAT DO YOU HAVE?

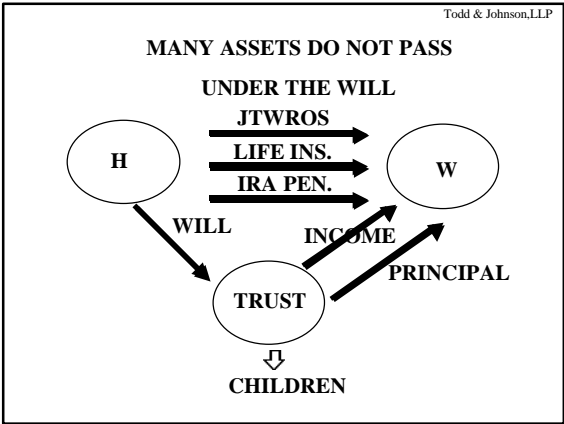
WHO WILL GET IT?

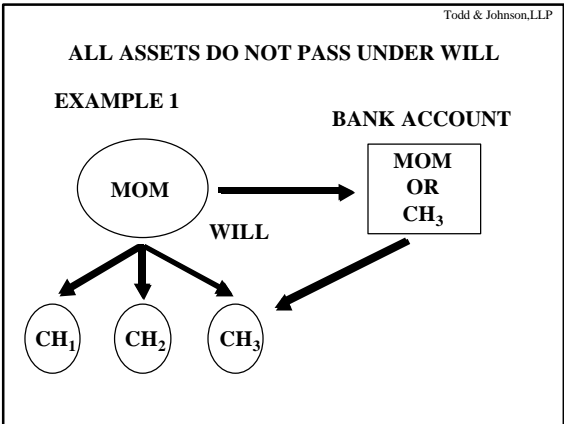
HOW WILL GETTING IT AFFECT THEM?

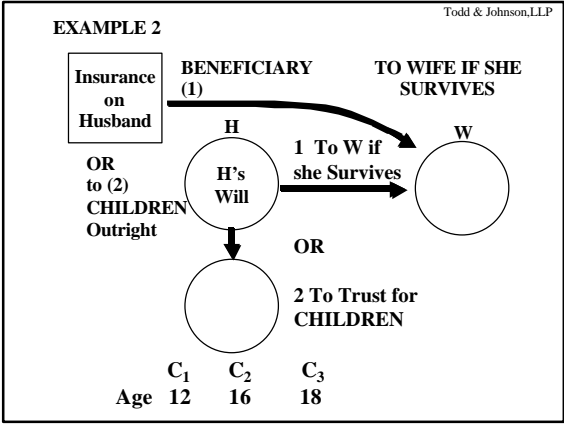
WHERE TO START?

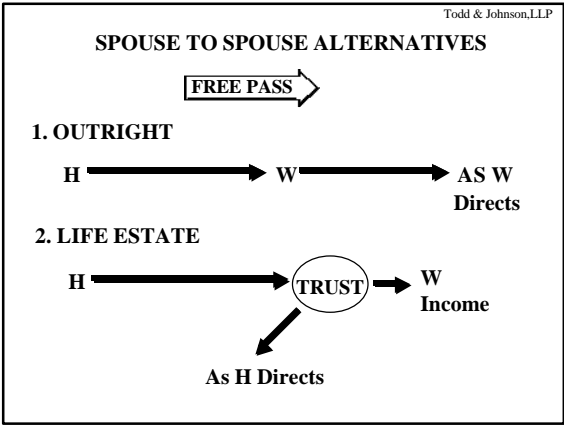
- **WHAT DO YOU HAVE?**
 - TIC Vs JTWRROS
 - LIFE INSURANCE OWNER
- **WHO GETS IT?**
 - SPOUSE
 - CHILDREN
 - CHARITY
 - STRANGERS (TAXES)

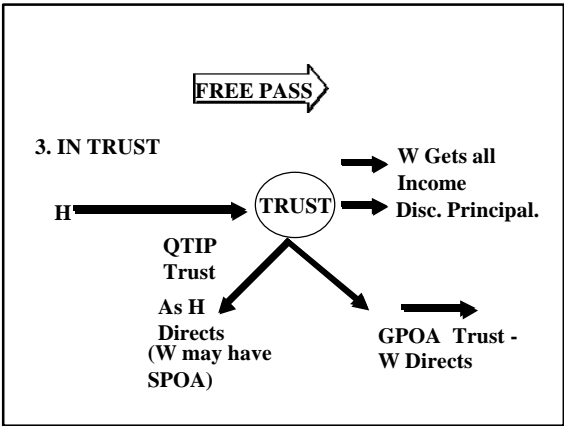








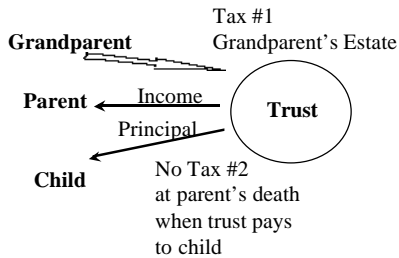




PROVIDING FOR CHILDREN

- 1. Outright
- 2. In trust
 - A. Ages → 1/2 30
→ Bal. 35
 - B. Dates → 1/3 Death₂
→ 1/2 Bal D₂ + 4yrs
→ Bal. D₂ + 8yrs
 - C. Trust → Income
for → Disc Principal
Life → D_{ch} to grandchildren

GENERATION SKIPPING



Todd & Johnson,LLP			
GROSS ESTATE	TO CH	TO TAX	ESTATE TAX - CREDIT TAX NET OF CREDIT
\$3,000,000		55%	\$1,290,800 - 220,550 = \$1,070,250
		53%	
\$2,500,000		49%	1,025,800 - 220,550 = 805,250
2,000,000		45%	780,800 - 220,550 = 560,250
1,500,000		43%	555,800 - 220,550 = 335,250
1,250,000		41%	448,300 - 220,550 = 227,750
1,000,000		39%	345,800 - 220,550 = 125,250
750,000		37%	248,300 - 220,550 = 27,750
675,000			220,550 - 220,550 = - 0 -

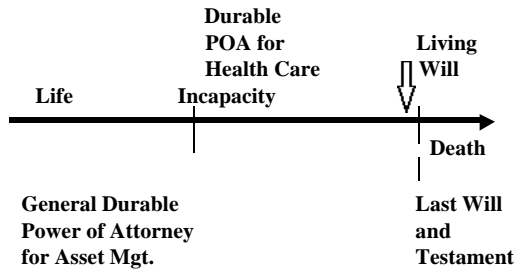
**FEDERAL ESTATE TAX
EXCLUSION INCREASES**

1998	\$625,000
1999	\$650,000
2000-1	\$675,000
2002-3	\$700,000
2004	\$850,000
2005	\$950,000
2006	\$1,000,000

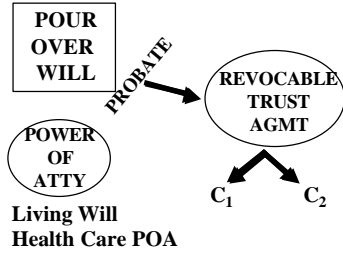
CHARITABLE GIVING

GROSS ESTATE	TO CH	TO TAX	ESTATE TAX	-	CREDIT	TAX NET OF CREDIT
\$3,000,000		55%	\$1,290,800	-	220,550	= \$1,070,250
\$2,500,000	\$235M	53% \$265M	1,025,800	-	220,550	= 805,250
2,000,000	\$255M	49% \$245M	780,800	-	220,550	= 560,250
1,500,000	\$275M	45% \$225M	555,800	-	220,550	= 335,250
1,250,000	\$143M	43% \$107M	448,300	-	220,550	= 227,750
		41%				

4 DOCUMENTS

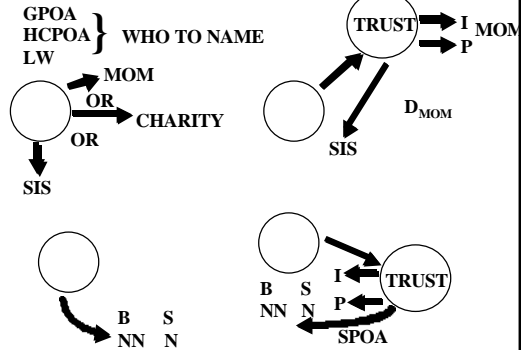


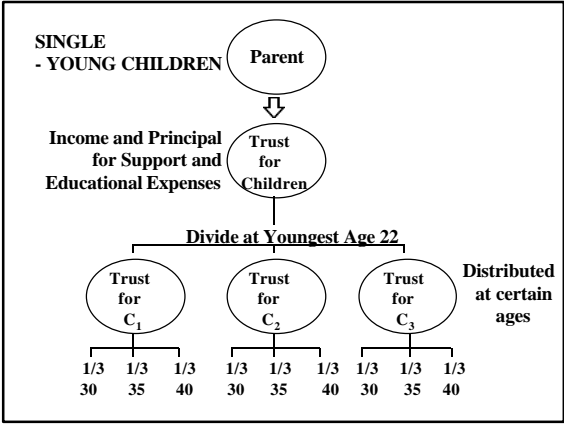
AVOIDING PROBATE

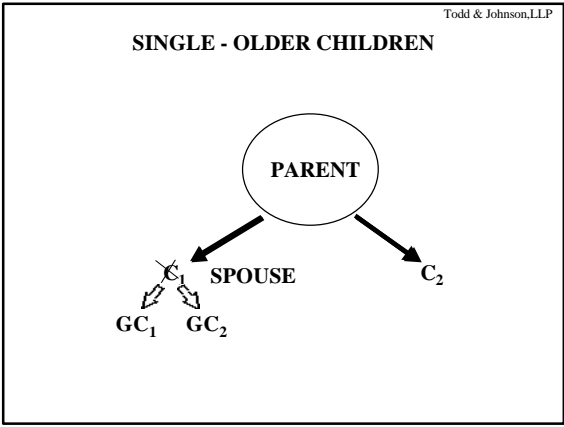


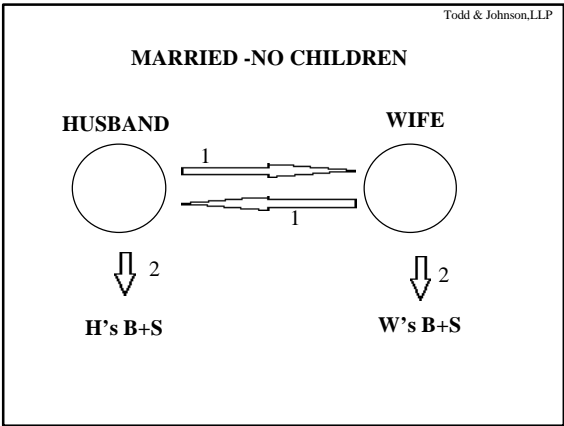
TYPICAL PLANS

SINGLE - NO CHILDREN

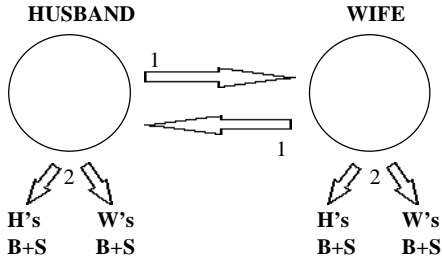




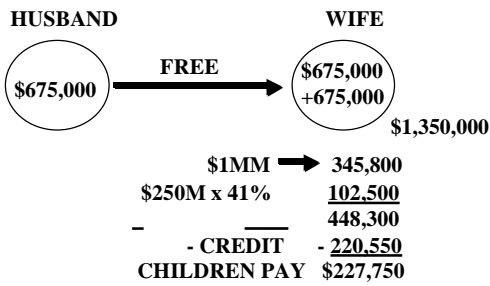




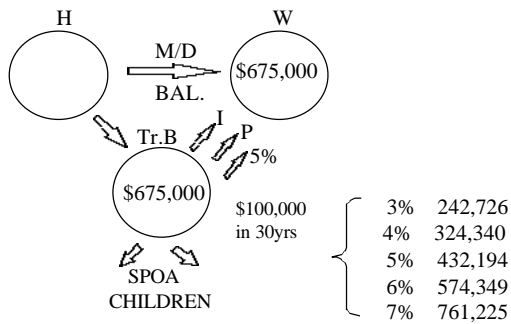
MARRIED – NO CHILDREN

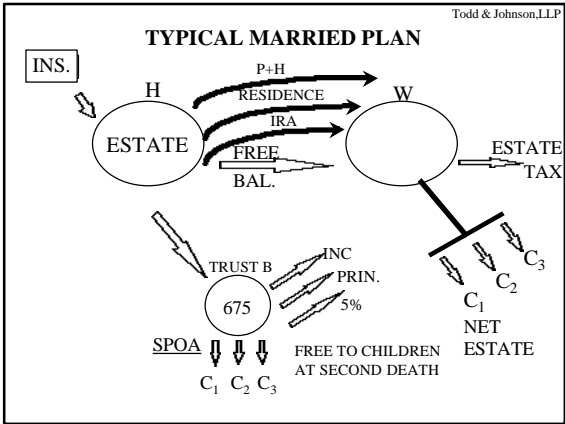


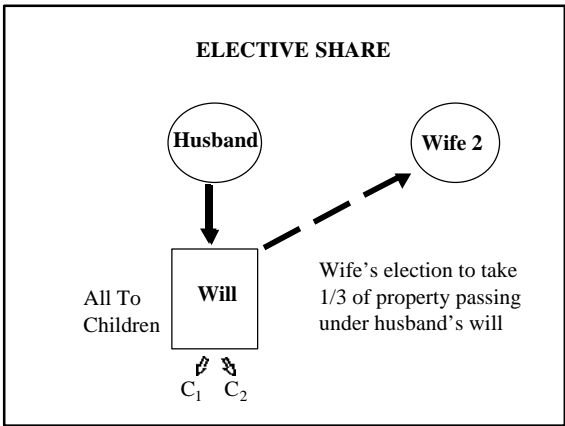
A MOST COMMON MISTAKE



SKIPPING THE SECOND TAX







- TAX REDUCTION PLANNING**
- \$10,000 GIFTS YEARLY
 - TAX-WISE WILL
 - POWER OF ATTORNEY
 - FAMILY LIMITED PARTNERSHIP
 - FAMILY BUSINESS DEDUCTION
 - SPECIAL VALUATION
 - DEFERRED PAYMENT OF TAX
 - OPPORTUNITY TRANSFERS

IRC Section 6166

- PAY IN 2 - 10 INSTALLMENTS
- 2% INTEREST FIRST 5 YRS
- > 35% ESTATE = BUSINESS
- DEFERRABLE PORTION = % INTEREST IN BUSINESS/AGE
- MAXIMUM PAYBACK TERM – UP TO 16 YEARS

IRC Section 2032A

- SPECIAL VALUATION OF PROPERTY
- HEIR CONTINUE USE FOR 10 YEARS
- REAL & PERS PROP > 50% OF AGE
- REAL PROP MUST BE > 25% OF AGE
- 5 OF 8 YEARS MATERIAL PARTICIP.
- RECAPTURE TAX, FULL AMOUNT
- MAX VALUE DECREASE = \$800,000

IRC Section 2057

- DEDUCT FAM BIZ UP TO \$675,000
- BIZ MUST BE > 50% OF AGE (INCLUDING LIFETIME GIFTS)
- 5 OF 8 YEARS MATERIAL PARTICIP.
- HEIRS MUST KEEP BIZ GOING
- RECAPTURE TAX DECREASES 20% YEAR 6 TO YEAR 10

QUESTIONS?
