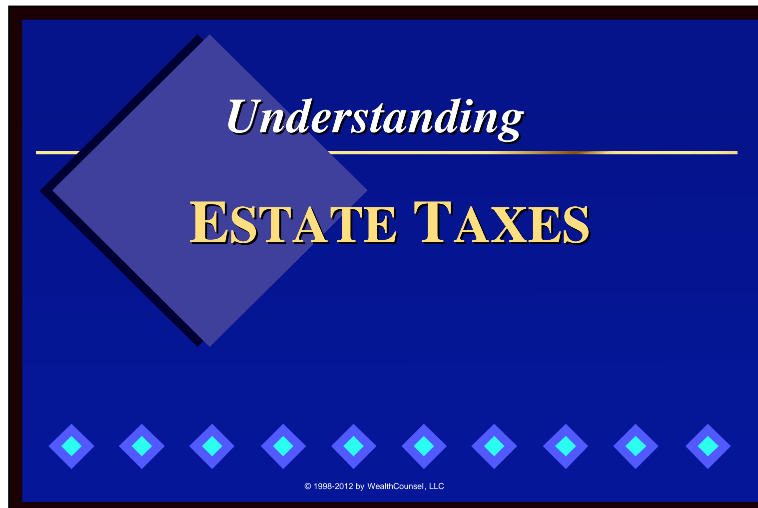


Good morning/afternoon/evening. I'd like to welcome you to our presentation entitled, "Understanding Estate Taxes." We're delighted you could join us.

My name is ___________ and I'm a (position/title) with (company/firm). (Talk about yourself for a minute or two, so people can get to know you. Be sure to include how long you've been in business, your specialty, location, etc.)

Today you will find out if your estate will have to pay estate taxes after you die and, if so, how you can reduce or, in some cases, even eliminate them.

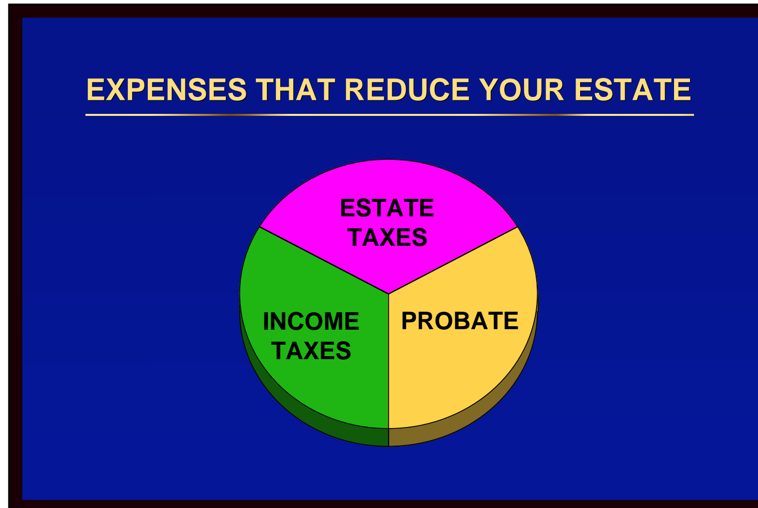
The information in this presentation will be explained in plain English—no legalese—and the entire presentation will take about 40 minutes.

So we can end on time, please write down your questions as you think of them and hold them until the end. I'll be happy to answer them then.

Now, let's get started.

Not for Duplication Or Distribution

© 1993-2012 by WealthCounsel, LLC



Estate taxes are different from, and in addition to, probate expenses which can be avoided with a living trust,* and final income taxes, which must be paid on income you receive in the year you die.

Federal estate taxes are expensive—historically, the tax rate has been 45-55%. They must be paid in cash, usually within nine months after you die. Because few estates have the cash, it has often been necessary to liquidate assets to pay these taxes.

The estate tax is, in effect, a "double tax." You've already paid income taxes on the money and assets that make up your estate. Now your estate may have to pay taxes on these assets again.

Not for Duplication Or Distribution

SPEAKER NOTE: *If you give this presentation separately, tell your audience a little about probate. For example: Probate is a court-controlled process through which your will is verified, your debts are paid and your assets are distributed. Probate costs are usually estimated at 3-8% of an estate's gross value.

© 1993-2012 by WealthCounsel, LLC

FEDERAL ESTATE TAX EXEMPTION

Year	Exemption	Tax Rate
2011 and 2012	$5 million*	35%
2013 and thereafter	$1 million	55%

*Adjusted for inflation in 2012

State taxes may also apply

Your estate will have to pay federal estate taxes if its net value when you die is more than the exempt amount set by Congress at that time. How much of your estate will be exempt depends upon when you die.

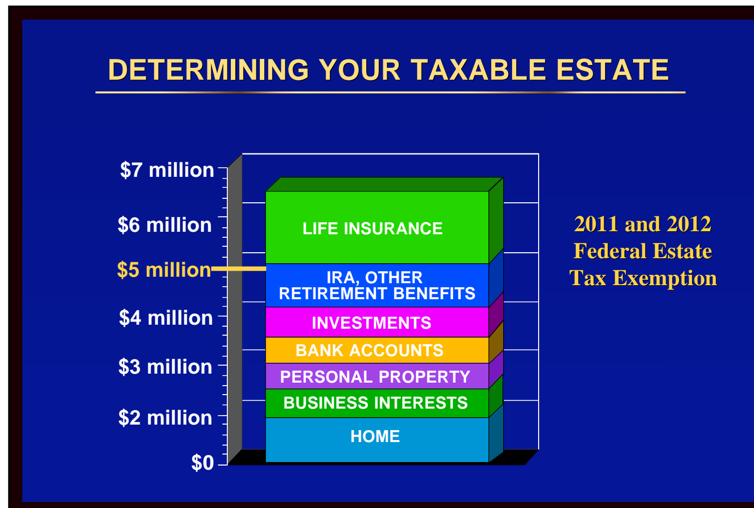
For example, in 2011 and 2012, the federal estate tax exemption is $5 million and the tax rate is 35%. (This amount is adjusted for inflation for 2012.) If Congress does not act again before the end of 2012, the exemption in 2013 will be $1 million and the top tax rate will be 55%.

Some states also have their own death or inheritance tax, so your estate could be exempt from federal tax and still have to pay state tax.*

SPEAKER NOTE: *Make sure you know what type of inheritance tax your state has and how much it is.

Not for Duplication Or Distribution

© 1993-2012 by WealthCounsel, LLC



Now, remember that estate taxes are on the net value of your estate when you die. To determine the current net value of your estate, add your assets then subtract your debts.

Include your home, business interests, bank accounts, investments, personal property, IRAs, retirement plans—and death benefits from your life insurance policies. You must include policies for which you have any "incidents of ownership." These include policies you can borrow against, assign or cancel, or for which you can revoke an assignment, or can name or change the beneficiary.

Not for Duplication Or Distribution

If the net value of your estate is less than the exempt amount, you'll pay no estate taxes. But if it's more, every dollar over the exempt amount will be taxed.

FEDERAL ESTATE TAX COMPARISON

Net Estate	2011 & 2012	2013
$2 million	$0	$435,000
$3 million	$0	$945,000
$4 million	$0	$1,495,000
$5 million	$0	$2,045,000
$6 million	$350,000	$2,595,000
$7 million	$700,000	$3,145,000

2011 and 2012: $5 million exemption, 35% tax rate

2013: $1 million exemption, 55% top tax rate

Here's a comparison of how much estate taxes are on various size estates in 2011 and 2012 and what we can expect in 2013.

Find the estate size that is closest to yours and see how much the tax would be on your estate.

Not for Duplication Or Distribution

You can see by this chart that most people who die in 2011 or 2012 will pay little or no estate taxes. But, you can also see that, unless Congress acts again by the end of 2012, many more families will be paying more in estate taxes in 2013.

Of course, with the exemption at $5 million, you may not need the estate tax savings right now. But it's important to understand how this works, because the exemption may be reduced as soon as 2013 and the value of your net estate may increase substantially by the time you die. And the good news is, if you plan ahead and use some of the tax-reducing strategies you will learn about in this presentation, you will be able to reduce or even completely eliminate estate taxes!

© 1993-2012 by WealthCounsel, LLC

3 WAYS TO REDUCE ESTATE TAXES

1. If Married, Use Both Exemptions
2. Remove Assets From Your Estate
3. Buy Life Insurance

There are basically three ways to reduce estate taxes.

First, if you are married, make sure both you and your spouse use your estate tax exemptions. In just a moment, I'll explain why this is so important and how you can easily do it.

Next is to reduce the size of your estate now. If you reduce the size of your taxable estate before you die—by spending or giving away some assets—you will reduce your estate taxes. But you have to make gifts correctly or you'll end up paying too much in taxes. I'll explain several ways to do this.

And, finally, you can buy life insurance to pay any remaining estate taxes at just pennies on the dollar. I'll explain the wrong way and the right way to do that.

We'll start with how, if you are married, you can make sure you use both exemptions. But first, there is a very common and costly mistake many married couples make—and I'd like to tell you about that so you can be sure to avoid it.

Not for Duplication
Or Distribution

© 1993-2012 by WealthCounsel, LLC

Some people think they can avoid estate taxes by leaving everything to their spouse when they die through their will, joint ownership, beneficiary designations and even a living trust.

Not for Duplication Or Distribution

And, in fact, as long as your spouse is a U.S. citizen, you can leave your entire estate to your spouse using the unlimited marital deduction and there will be no estate taxes at your death.

But be careful. Using the unlimited marital deduction to avoid estate taxes can be a tax trap, because it often results in a larger tax bill when the surviving spouse dies. Here's why.

Let's say Bob and Sue together have a net estate of $10 million and they both die when the estate tax exemption is $5 million. Bob dies first. By using the marital deduction, Bob leaves everything to Sue estate tax-free. It's a great deal until Sue dies.

© 1993-2012 by WealthCounsel, LLC

Leaving Everything to Your Spouse

Sue's Net Estate	$10,000,000
Sue's Federal Estate Tax Exemption	– 5,000,000
Taxable Estate	$ 5,000,000
Federal Estate Taxes	$ 1,750,000

Sue's estate of $10 million will be entitled to claim her $5 million exemption. But the federal estate tax on the remaining $5 million will be $1,750,000!

The problem with leaving everything to your spouse is that you waste the estate tax exemption of the spouse who dies first. You see, everyone is entitled to an estate tax exemption. But when Bob left everything to Sue, he wasted his exemption.

Not for Duplication
Or Distribution

© 1993-2012 by WealthCounsel, LLC

Congress tried to fix this. If one spouse dies in 2011 or 2012, the executor of the estate may transfer any unused federal estate tax exemption to the surviving spouse. But there are still problems.

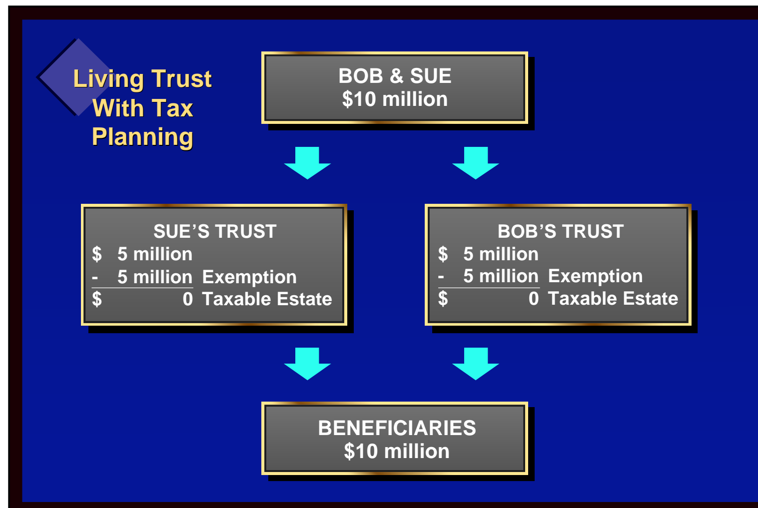
For example, let's say Sue remarries after Bob dies. If Sue outlives her new husband, she will lose all of Bob's unused exemption.

In addition, by leaving everything to Sue, Bob has no control over his share of their estate; Sue can do whatever she wants with the assets, including disinheriting any children Bob may have had from a previous marriage.

And when Sue dies, the entire estate, including any growth on the assets, will be taxed at rates in effect at that time. Remember, if Congress does not act again, in 2013 the estate tax exemption will be $1 million with a 55% top tax rate.

If they had planned ahead, they could have used both their exemptions, solved these problems, and saved $1,750,000 in federal estate taxes.

Not for Duplication Or Distribution



All they had to do was include a tax-planning provision in their living trust(s).

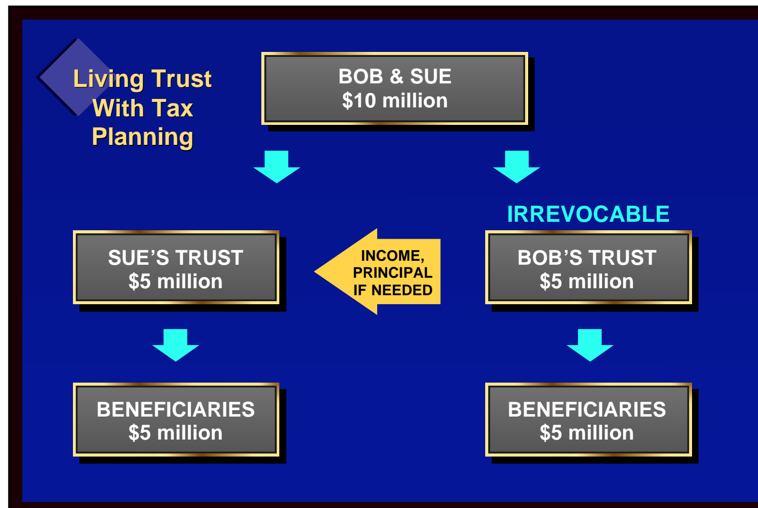
This splits their $10 million estate into two trusts of $5 million each. When Bob dies, his trust, shown on the right, uses his $5 million exemption. And when Sue dies, her trust, shown on the left, uses her $5 million exemption.

The result is that their taxable estates are both reduced to $0, so the full $10 million can go to their loved ones.

Now, let me explain a few more things about how this works. Sue has complete control over everything in her trust and she can do anything she wants with its assets—it's her trust.

But she cannot have complete control over the assets in Bob's trust. If she did, they would have to be included in her taxable estate when she dies.

Not for Duplication
Or Distribution



However, as shown here, Sue can receive income from Bob's trust, and she can withdraw principal from it if needed for her health, education, maintenance and support. So, although she cannot have complete control over Bob's trust, the assets can provide for Sue for as long as she lives.

Not for Duplication
Or Distribution

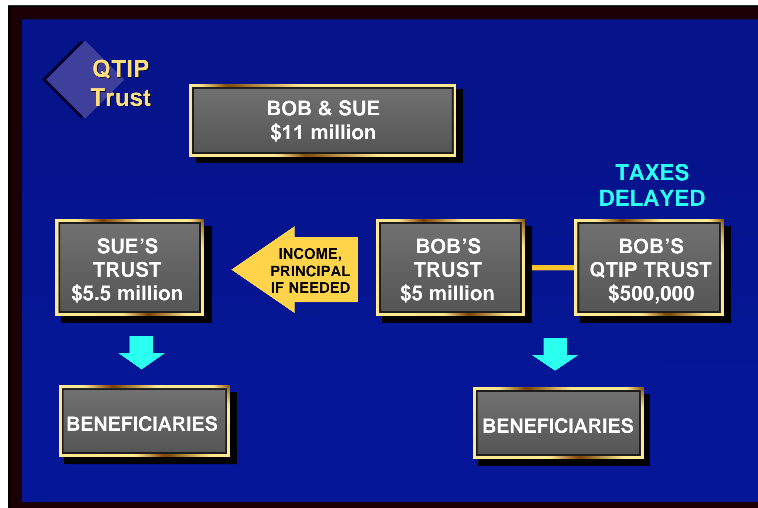
There is another benefit you may be interested in, even if your estate isn't large enough to worry about estate taxes—and that's control.

As soon as Bob dies, his trust becomes irrevocable. This means his instructions cannot be changed by anyone. So, even though he dies first, he keeps control over how his share of their estate is managed and distributed. This could be important to Bob if he has children from a previous marriage. Or, he may want to make sure that, if Sue later remarries, his part of the estate doesn't end up with Sue's new husband. Also, the assets in his trust are valued and taxed at his death; any appreciation will not be included in Sue's estate.

This same kind of planning can also be done in a will, but you would not avoid probate or enjoy the other benefits of a revocable living trust.

Note: We used a $10 million estate for Bob and Sue because that is currently the amount of two exemptions. This planning works just as well if you have less than $10 million. If you are married, and you and your spouse both die in 2011 or 2012, this planning will allow you to leave **up to** $10 million estate tax-free to your loved ones, saving **up to** $1,750,000 in federal estate taxes.

© 1993-2012 by WealthCounsel, LLC



What if the net value of your assets is more than two exemptions? One thing you can do is add another provision to your plan.

For example, let's say Bob and Sue's net estate is $11 million. Again, Bob dies first when the estate tax exemption is $5 million, and the estate is split in half. This time, only $5 million of Bob's half stays in Bob's trust, because that's the amount of the estate tax exemption when he dies. The rest of his half—$500,000—goes into another trust, shown on the far right. This trust is called a QTIP. QTIP stands for "qualified terminable interest property."

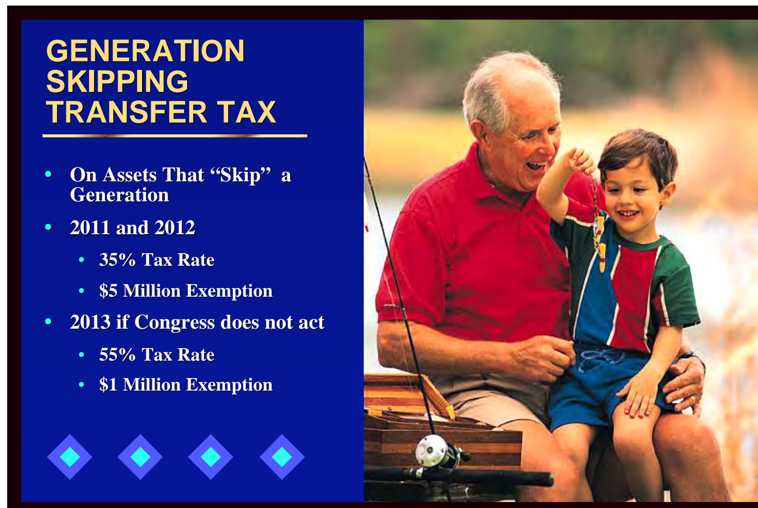
Not for Duplication
Or Distribution

Estate taxes on the assets in the QTIP are delayed until the second spouse dies. So, now, both of Bob's trusts can provide income and, if needed, principal for Sue's health, education, maintenance and welfare. (This is Sue's "qualified interest in Bob's property.") When Sue dies, the assets in both of Bob's trusts will go to the beneficiaries he has named. So Sue's interest in Bob's property "terminates" when she dies.

Depending on how much longer Sue lives, adding a QTIP may also save estate taxes. Estate taxes will only be due when Sue dies if the combined value of Sue's trust and Bob's QTIP are more than the estate tax exemption in effect at that time.

Your attorney will know the best way to do this for your individual situation.

© 1993-2012 by WealthCounsel, LLC



If some or all of your estate "skips" the living parent and goes directly to a grandchild, there could be another tax called the Generation Skipping Transfer Tax.

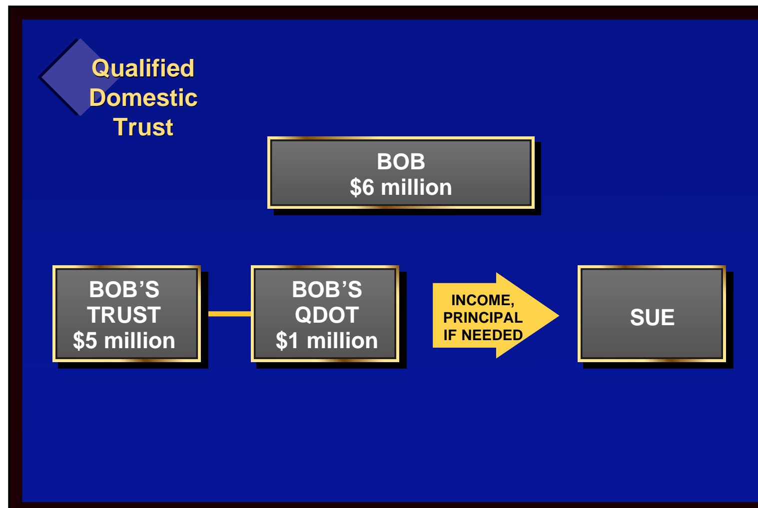
This is a VERY expensive tax. It is in addition to the federal estate tax and is equal to the highest federal estate tax rate in effect at the time. In 2011 and 2012, the GST tax is 35% because that is the estate tax rate.

Everyone also has an exemption equal to $5 million per person. So, if you are married, you and your spouse together could leave up to $10 million directly to your grandchildren without having to pay the GST tax.

But in 2013, if Congress does not act, the exemption will be $1 million per person. So you and your spouse will only be able to leave $2 million directly to your grandchildren without having to pay the GST tax…which will be 55%.

Dividing the estate in half—as you just saw with the QTIP and the trust with tax planning—is one good way to preserve both GSTT exemptions.

Not for Duplication
Or Distribution



If your spouse is not a U.S. citizen, you cannot do the same kind of tax planning we just discussed. That's because Uncle Sam is afraid your spouse will leave the country after you die and not pay any estate taxes.

This means that, when you die, if you don't plan ahead, everything in your estate over the amount of the estate tax exemption at that time will be taxed—unless you have a Qualified Domestic Trust, QDOT for short.

Let's say that Bob's estate is $6 million and Sue is not a U.S. citizen. If the estate tax exemption when Bob dies is $5 million, that amount would typically stay in Bob's trust and the remaining $1 million would go into the QDOT. The assets in the QDOT will not be taxed until Sue dies, so the entire estate will be available to provide for her for as long as she lives.

Keep in mind that the QDOT, not Sue, owns the assets. But Sue can receive income from it and, with the trustee's approval, may also receive principal. To make sure estate taxes are paid when Sue dies, at least one trustee of the QDOT must be a U.S. citizen or a U.S. corporation.

Not for Duplication Or Distribution

Let's move on now to some other tax-reducing strategies that everyone can use, whether you are married or single. One of the best ways to reduce estate taxes is to reduce the size of your estate.

Not for Duplication Or Distribution

For example, currently you can give up to $13,000* ($26,000 if married) to as many recipients as you wish each year. So if you give $13,000 to each of your two children and five grandchildren, you will reduce your estate by $91,000 a year (7 x $13,000)—$182,000 if your spouse joins you.

You can give more, but then it will start using up your federal gift and estate tax exemption. If you use it while you are living, it is a gift tax exemption; if you use it after you die, it is an estate tax exemption. If your estate is substantial, you may want to make larger gifts in 2011 and 2012 to take advantage of the $5 million exemption and 35% tax rate while we have them. Your attorney will be able to advise you on the best ways to do this.

You can also give an unlimited amount for tuition and medical expenses if you give directly to the institution or health care provider.

*SPEAKER NOTE: The amount of these tax-free gifts is tied to inflation and may increase every few years.

© 1993-2012 by WealthCounsel, LLC

APPRECIATING ASSETS ARE BEST TO GIVE

- **Removes Asset and Future Appreciation From Your Estate**
- **Asset Keeps Your Cost Basis**
- **Recipient Pays Capital Gains Tax When Sold**

Appreciating assets are usually the best ones to give because both the asset and any future appreciation will then be out of your taxable estate forever.

But don't think you'll cut out Uncle Sam altogether. When you give away an appreciated asset, it keeps your original cost basis (what you paid for the asset when you purchased it). This means the recipient may have to pay capital gains tax when he or she sells the asset later.

However, the top capital gains rate is still just 15% (on assets held at least 12 months). That's a lot less than estate taxes which, remember, have been 35-55%.

Not for Duplication Or Distribution

© 1993-2012 by WealthCounsel, LLC

GIVE ASSETS TO CHARITY

- Reduces Estate Taxes
- Reduces Income Taxes
- Does Not Use Gift/Estate Tax Exemption
- Lets You Decide Whom Your Money Will Help

Giving assets to a charity is another way to remove assets from your estate and save estate taxes.

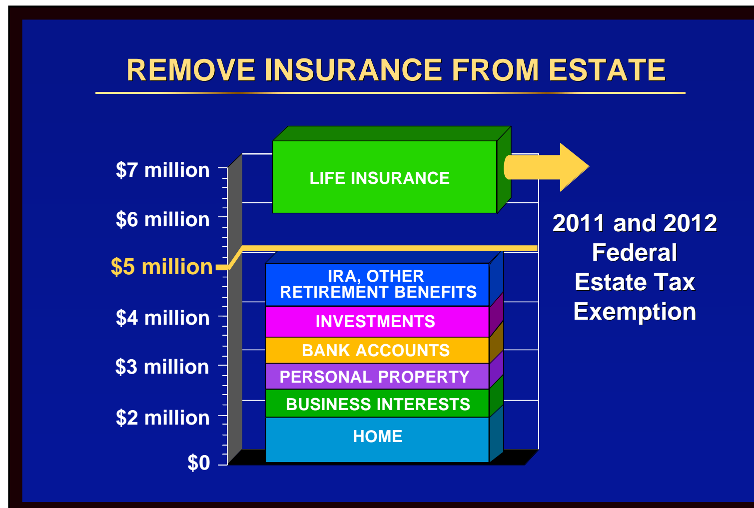
When you make gifts to qualified charities while you are living, you receive charitable income tax deductions that reduce your income taxes.

These gifts will not use up any of your federal gift/estate tax exemption.

There are many worthy causes out there that depend on gifts in order to continue their work. When you pay estate taxes, you have no voice in how Uncle Sam will use your money. But when you give directly to a charity, you decide whom your money will help.

Not for Duplication
Or Distribution

© 1993-2012 by WealthCounsel, LLC



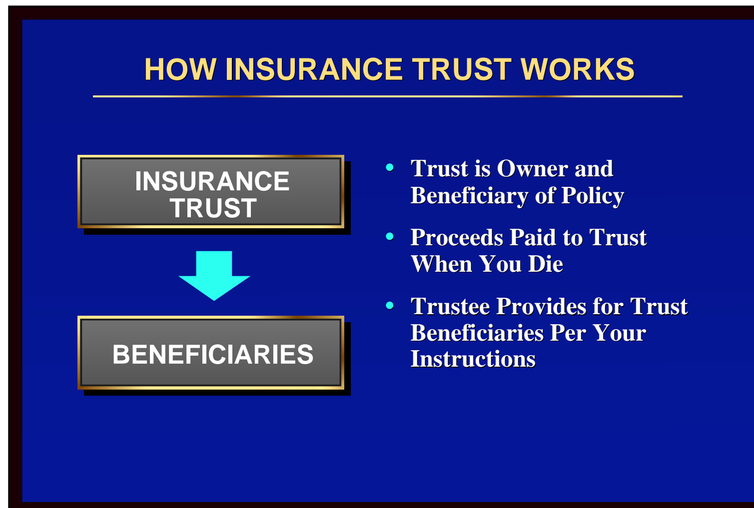
Here's something else you can do to remove assets from your estate.

What if you didn't have to include the death benefits from your life insurance policies in your taxable estate? Think how much that would cut your estate taxes!

Well, you can transfer your existing life insurance policies right out of your taxable estate and into an irrevocable life insurance trust. That's a separate trust that is NOT included in your taxable estate.

Here's how it works.

Not for Duplication Or Distribution



You transfer an existing insurance policy to the trust, making the trust the owner and beneficiary of the policy. After you die, the insurance proceeds will be paid to the trust. The trustee you have named will then use the funds to provide for the beneficiaries of the trust (usually your spouse, children or other loved ones) according to the instructions you put in the trust when you set it up.

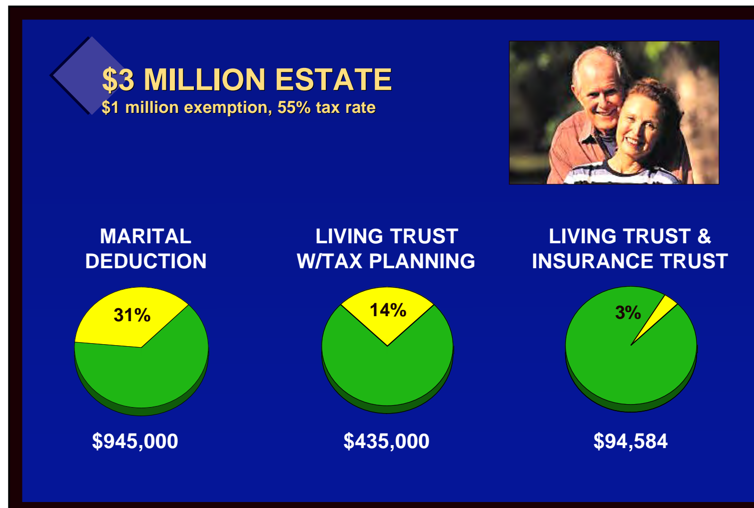
Not for Duplication Or Distribution

There is one catch—if you die within three years of transferring an existing policy to the trust, the insurance will be included in your estate. But that's what would happen anyway, *without* the trust. However, if the trust buys a new policy, the three-year limitation does not apply. Also, this is an irrevocable trust, which generally means you cannot make changes to it after you set it up.* So you will want to read the trust document carefully before you sign it.

Buying life insurance—through an insurance trust—can be a great way to pay estate taxes at a dramatically reduced cost. Let's look at an example.

SPEAKER NOTE: *Under the Uniform Trust Code (UTC) and decanting provisions in some states, you may be able to make some changes. You can also appoint someone else to make changes to the trust, but the tax implications are not clear and you have no guarantee the person will make the changes you want.

© 1993-2012 by WealthCounsel, LLC



Frank and Betty have a $3 million estate. Let's say, for illustration purposes, that they both die when the federal estate tax exemption is $1 million and the top estate tax rate is 55%, as it very well may be in 2013.

If they leave everything to each other when they die, there would be no estate taxes at the first death. But this would waste one estate tax exemption, and $945,000 of their $3 million estate (31%) would be consumed by estate taxes.

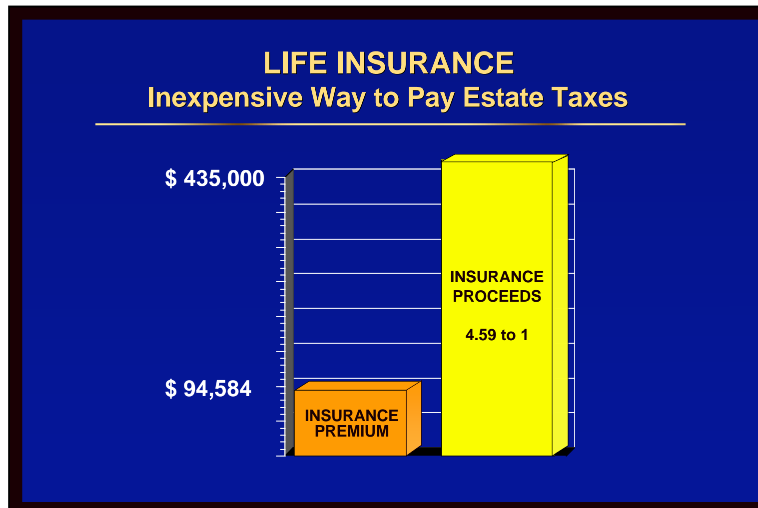
Not for Duplication Or Distribution

If they included a tax-planning provision in their trust or will, they would use both of their estate tax exemptions. This would protect $2 million from estate taxes. But their children would still have to write a check to the IRS for $435,000—14% of the estate. A definite improvement, but they can do better.

In addition to the tax-planning provision in their trust or will, Frank and Betty could set up a life insurance trust. Now the cost of the estate taxes would only be $94,584*—3% of their estate's value. That's all it would cost them to purchase enough life insurance to pay the $435,000 in estate taxes.

SPEAKER NOTE: *Estimated costs for a male age 65 and a female age 63 using a second-to-die policy of universal life, at standard non-tobacco underwriting class. These costs are believed to be representative of those available from various life insurance companies offering second-to-die policies. Actual costs will vary.

© 1993-2012 by WealthCounsel, LLC



As you can see, life insurance can be an inexpensive way to pay estate taxes. Based on their ages and health, it would only cost $94,584 in insurance premium for Frank and Betty to purchase $435,000 in life insurance—enough to pay all the estate taxes.

Not for Duplication Or Distribution

In this example, every dollar spent in insurance premium will pay $4.59 in estate taxes. That's an excellent value! And insurance proceeds are available immediately to provide the cash necessary to pay estate taxes and other expenses, which prevents other assets from having to be liquidated.

Remember, if you purchase the life insurance policy yourself, that would just increase the value of your estate and the amount of estate taxes you would have to pay. But if you set up an irrevocable life insurance trust and have it purchase the insurance policy for you, the insurance will not be included in your taxable estate when you die.

Now, let's look briefly at some other ways to reduce your taxable estate—and your estate taxes. We may not have these for much longer because we know the IRS and many in Congress are always looking for more ways to increase tax revenues. But we do have them now, and we can use them.

© 1993-2012 by WealthCounsel, LLC

PERSONAL RESIDENCE TRUST

- **Saves Estate Taxes by Removing Your Home and Future Appreciation From Your Estate**
- **You Can Keep Living There**

A personal residence trust lets you save estate taxes by removing your home and any future appreciation on it from your taxable estate—yet you can keep living there.

When you set up a personal residence trust, you transfer your home to an irrevocable trust. For a specified period of time (often 10 to 15 years), you continue to live in the house just as you do now. After that time, it transfers to your beneficiaries—usually your children.

In effect, you are giving your home to your children today. But because they will not receive it until sometime in the future, the value of this gift is reduced. This uses much less of your federal estate tax exemption than if you had kept the home and any future appreciation in your estate.

If you die before the term of the trust is over, your home will be included in your taxable estate, just as it is now. If you live longer than the term of the trust, you will need to pay rent (at fair market value) if you wish to keep living there.

Not for Duplication
Or Distribution

© 1993-2012 by WealthCounsel, LLC

GRANTOR RETAINED ANNUITY TRUST (GRAT)

- Saves Estate Taxes by Removing Any Asset & Future Appreciation From Your Estate
- You Receive Income

If you own income-producing assets—like stocks, a business, or real estate—that you would like to remove from your estate, but you need the income, a GRAT may be the answer.

A GRAT is similar to a personal residence trust. But a GRAT lets you remove any asset, not just your home, from your estate. And, for a set number of years, you receive an income from the assets in the trust.*

When the trust ends, the asset will be owned by the beneficiaries of the trust (usually your children), so it will not be included in your estate when you die. However, depending on the duration of the trust, if you die before the trust ends, some or all of the asset may be included in your taxable estate.

Like the personal residence trust, the beneficiaries will not receive the asset until sometime in the future—when the trust ends. So the value of the "gift" you are making to the trust is reduced. Again, this uses less of your estate tax exemption than if you keep the asset and any future appreciation in your estate until you die.

SPEAKER NOTE: *If the income is a set amount, the trust is called a GRAT (Grantor Retained Annuity Trust). If the income fluctuates, it is called a GRUT (Grantor Retained Unitrust).

Not for Duplication Or Distribution

LIMITED LIABILITY COMPANY (LLC)
FAMILY LIMITED PARTNERSHIP (FLP)

- Saves Estate Taxes By Transferring Assets & Appreciation to Children Now at Reduced Value
- Can Protect Assets from Future Lawsuits and Creditors
- You Keep Control as Manager/General Partner

Both a limited liability company (LLC) and a family limited partnership (FLP) let you reduce estate taxes by transferring assets like a family-owned business, farm, real estate or stocks to your children now—yet you keep control. They can also protect the assets from future lawsuits and creditors.

Not for Duplication
Or Distribution

Here's how they work. You and your spouse can set up a limited liability company or a family limited partnership, and transfer your assets to it. In exchange, you receive ownership interests. Though you have a fiduciary obligation to the other owners, you control the limited liability company or the family limited partnership as the manager (for the LLC) or as the general partner (for the FLP).

You can give ownership interests to your children, which removes value from your taxable estate. The ownership interests cannot be sold or transferred without your approval and, because there is no market for these interests, their value is discounted. So you can transfer the underlying assets to your children at a reduced value—without losing control.

© 1993-2012 by WealthCounsel, LLC

CHARITABLE REMAINDER TRUST

- **Converts Appreciated Asset to Lifetime Income**
- **Reduces Your Income Taxes Now and Estate Taxes When You Die**
- **You Pay No Capital Gains Tax When Asset Sold**
- **Charity Receives Trust Assets After You Die**

A charitable remainder trust lets you convert an appreciated asset (like stocks or investment real estate) into a lifetime income. It reduces your income taxes now and estate taxes when you die, and you pay no capital gains tax when the asset is sold. Plus, it lets you benefit one or more charities that have special meaning to you.

Not for Duplication
Or Distribution

When you set up a charitable remainder trust, you transfer the asset into an irrevocable trust. You receive an immediate charitable income tax deduction which reduces your current income taxes. Transferring the asset to the trust removes it from your taxable estate, which will reduce estate taxes when you die.

The trustee then sells the asset at full market value, paying no capital gains tax, and re-invests in income-producing assets. For the rest of your life, the trust pays you an income. And since the principal has not been reduced by capital gains tax, you receive more income over your lifetime than if you had sold the asset yourself.

After you die, the remaining trust assets go to the charity(ies) you have chosen. That’s why it’s called a charitable *remainder* trust.

SPEAKER NOTE: You can use the income tax savings and part of the income you receive from the trust to fund an irrevocable life insurance trust. The trustee of the insurance trust can then purchase enough life insurance to replace the full value of the gifted asset.

© 1993-2012 by WealthCounsel, LLC

CHARITABLE LEAD TRUST

- Reduces Estate Taxes By Removing Asset from Your Estate
- Charity Receives Income For Number of Years or Until You Die
- Your Loved Ones Receive Trust Assets When Trust Ends

A charitable lead trust, included by Jacqueline Kennedy Onassis in her estate planning, is just about the opposite of a charitable remainder trust.

You transfer an appreciated asset to the trust. This removes it from your estate so you save estate taxes. But instead of paying the income to you, the trust pays the income to a charity for a certain number of years or until you die. Then, when the trust ends, your spouse, children, grandchildren or other beneficiaries receive the assets in the trust.

You don't have to wait until you die to establish the trust, as Mrs. Onassis did. If you set up the trust now, you remove future appreciation from your estate and you can see the charity benefit from your gift.

Not for Duplication Or Distribution

© 1993-2012 by WealthCounsel, LLC

PRIVATE CHARITABLE FOUNDATION

- **You Decide Who Runs It**
- **You Can Decide Who Benefits**
- **You Save Estate, Capital Gains and Income Taxes**

You can also set up your own charitable foundation, donate your assets to it and keep some control over how the money is spent.

To qualify, a small percentage of the foundation's assets must be distributed to charity each year. But you can name whomever you wish to run the foundation—including your grown children—and the foundation can pay them a reasonable salary.

You can be very specific about which charities you want to support or you can leave that up to the trustees of the foundation to decide (within IRS guidelines, of course.)

The tax benefits can be substantial. You save estate taxes because the assets you donate to the foundation are removed from your estate. There will be no capital gains tax when the assets are sold by the foundation, so it's great for appreciated assets. And, you reduce your current income taxes with a charitable income tax deduction.

By the way, if you donate publicly traded securities, the charitable income tax deduction will be for the full market value (up to 30% of adjusted gross income).

Not for Duplication
Or Distribution

© 1993-2012 by WealthCounsel, LLC

3 WAYS TO REDUCE ESTATE TAXES

1. If Married, Use Both Exemptions
2. Remove Assets From Your Estate
3. Buy Life Insurance

We've covered a lot of information in this presentation. Let's quickly review the three ways you can reduce or even eliminate estate taxes.

First, if you are married, make sure you and your spouse use both your estate tax exemptions. You can do this easily by having a tax-planning provision in your revocable living trust.

Next, reduce your taxable estate (and your estate taxes) by removing some of your assets now—by making gifts, transferring your life insurance to an irrevocable life insurance trust, or using some of the other strategies we discussed for your home, business and other appreciating assets.

And finally, you can buy life insurance—through an irrevocable life insurance trust—to replace assets given to charity and/or pay any remaining estate taxes at just pennies on the dollar.

Not for Duplication Or Distribution

© 1993-2012 by WealthCounsel, LLC

If you're wondering where to begin, follow our six-step action plan:

1. Inventory your assets and debts. Find out the current net value of your estate and see how much your estate would have to pay in estate taxes, if any.
2. Write down your objectives. These would include reducing estate taxes and whom you want to have your assets after you die.
3. Select a qualified professional to help. Find someone with whom you will be comfortable sharing this information, who can answer your questions and can help you decide which strategies will be best for you.
4. Have the legal documents prepared.
5. Put your plan into action. Some assets will go into your living trust and others may go directly into a separate irrevocable trust. You may also decide to make annual tax-free gifts to your children.
6. Review your plan every year or so and make changes when necessary. Remember, the plan you put into place today is based on your current situation and tax laws. These things change, and so your plan will need to change, too. This year is a perfect example of when you need to have your plan reviewed.

Not for Duplication
Or Distribution

You've been a great audience today/tonight. I hope I've been able to convince you of the importance of estate planning to save estate taxes.

Once your plan is in place, you'll be able to relax with your family and friends, knowing your good planning will have a happy ending.

I'd like to thank you again for coming, and for letting me share this important information with you.

Not for Duplication Or Distribution