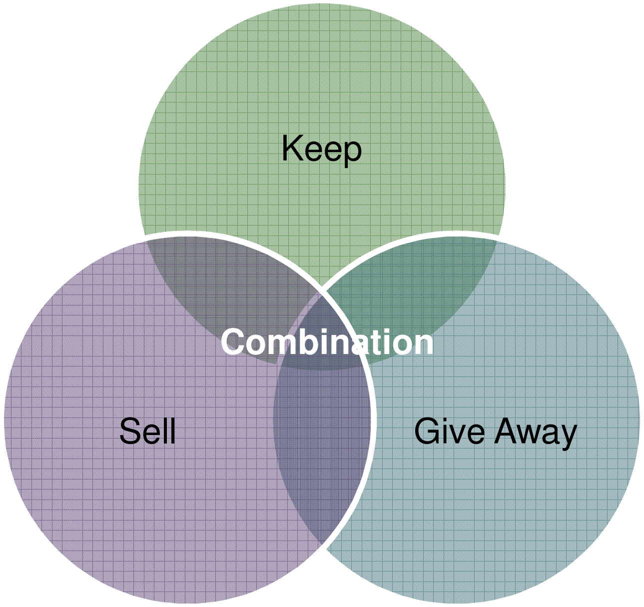
Lifetime Planning Strategies

- **Keep**: Assets will pass as designed through various documents at death; most assets passing at death will do so at date of death value. Highly appreciated assets may then be liquidated with very little income tax consequence to the beneficiary. For such a plan to be efficient, the tax liability needs to outweigh the estate tax liability. Capital gains tax is still much lower than the top estate tax liability making such a plan less efficient for those estates that may be subject to federal estate tax.
- **Gift:** Assets passing by gift during lifetime can be an efficient means of transferring wealth as long as either 1) no transfer tax is incurred or 2) the near term tax transfer tax liability is outweighed by the growth potential and subsequent estate tax liability.
- **Sell:** Assets may be sold to family members on comparable market terms. It is possible to make these terms somewhat favorable but not too favorable as to create an imputed gift. This method provides a new basis to the buyer, locks the value for the seller, and removes all growth from the estate.



Life Time Planning Strategies Continued

- **Combination:** Most estates that are subject to federal estate taxes use a combination of these methods resulting in the alphabet soup of estate planning such as:
  - IDGT Sale;
  - GRAT/GRUT;
  - QPRT;
  - ILIT;
  - FLP/LLC.
- **Transfer Efficiency:** The desire is to make use of these tools in as most efficient manner as possible. Efficiency is accomplished with:
  - Value Freezing: created when an asset value is designated for transfer purposes and all future growth is removed from the estate;
  - Value Discounting: created when an asset can be transferred for essentially less than a dollar's value and all growth is removed from the estate;
  - Purchase Leverage: created when a dollar purchases more return in value than a dollar's worth.