

Cascade Wealth Preservation, LLC

Estate Planning Pro Forma

For ABA Symposium April 2011

In order to display the unique opportunity for estate planning, let's assume the following facts:

- a. Current Estate Tax Exclusion: \$5,000,000 per person
- b. Our client is very philanthropic and would like to make a gift to their favorite charity (The Jewish Federation). His gift is \$2,500,000.
- c. Our client and their spouse have the following assets:

Cash	\$ 160,000
Real Estate	6,000,000
Residence	5,005,000
Mutual Funds	4,135,000
IRA's, 401(k) Plan & Defined Ben	2,700,000
Stocks & Bonds	4,500,000
Total Assets	\$22,500,000

The first planning opportunity is to advise the client to make their charitable contribution of \$2,500,000 from the IRA's, 401(k) etc. as it avoids 2 taxes.

It is very important to note that the IRA's, 401(k) & Defined Benefit Plan are subject to income tax as well as being subject to estate tax.

The client's taxable estate less \$10,000,000 in estate tax exclusions (\$5,000,000 per spouse) less the gift of \$2,500,000 leaves a taxable estate of \$10,000,000.

The second planning opportunity is to use life insurance to pay the anticipated estate tax.