

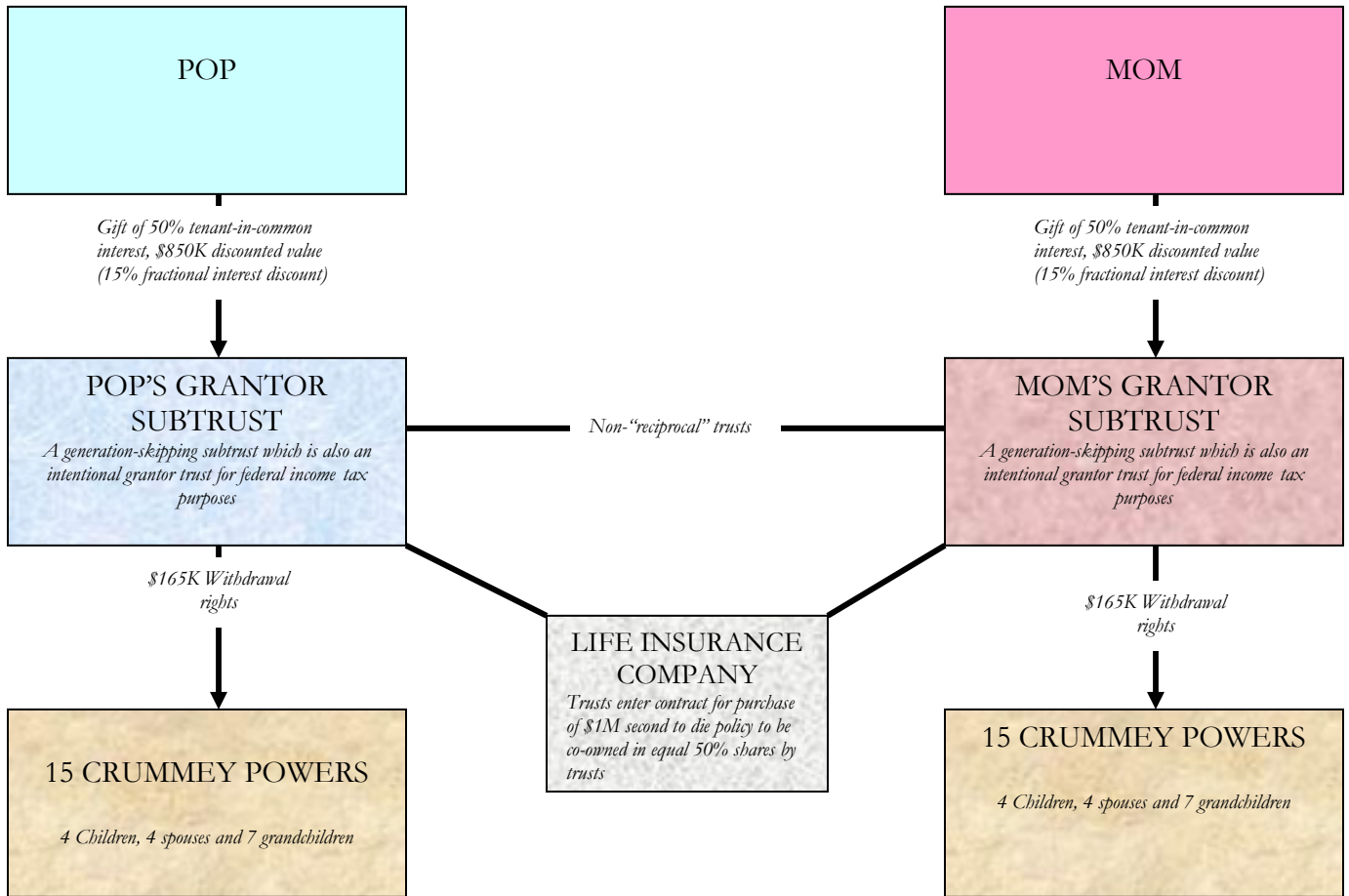
*FLOWCHARTS ILLUSTRATING ONLY FRACTIONAL INTEREST DISCOUNTED GIFTS  
TO IRREVOCABLE GRANTOR “CRUMMEY” GENERATION-SKIPPING TRUST (NO LLC)*

*Assumptions:*

- *Mom and Pop are in their 60's – no insurability issues.*
- *Family lands have an undiscounted value of \$2M, and are owned by Mom and Pop as joint tenants with rights of survivorship.*
- *Mom and Pop have \$3M of other assets, mostly cash and marketable securities in “taxable” (i.e., non IRA or qualified person/profit sharing) accounts. Pop also has a \$150K annual pension under his former employer's defined benefit plan, which will provide a \$75K benefit for Mom if she survives Pop.*
- *Lands are a lakefront “compound” type property which parents wish to continue exclusively to occupy seasonally (May – October) for the remainder of their lifetimes (they “winter” in their Florida condo).*
- *All four children are “stewards”, not “liquidators”. They get along well. Each is married; 2 have 2 children, 1 has 3.*

**FLOWCHART 1**

ILLUSTRATING MOM AND POP'S FUNDING OF TRUSTS AND TRUSTS' PURCHASE OF JOINTLY OWNED POLICY



Each of Mom and Pop consume \$685K of \$1M applicable exclusion amount, and \$850K of \$1.1M GST exemption, leaving \$630K of combined applicable exclusion amount and \$500K of GST exemption for future transfers. Potential estate tax savings: From discounting -  $\$300K \text{ discounts} \times .50 = \$150K$ ; From crummey powers -  $\$330K \times .50 = \$165K$ , for a total of \$315K.