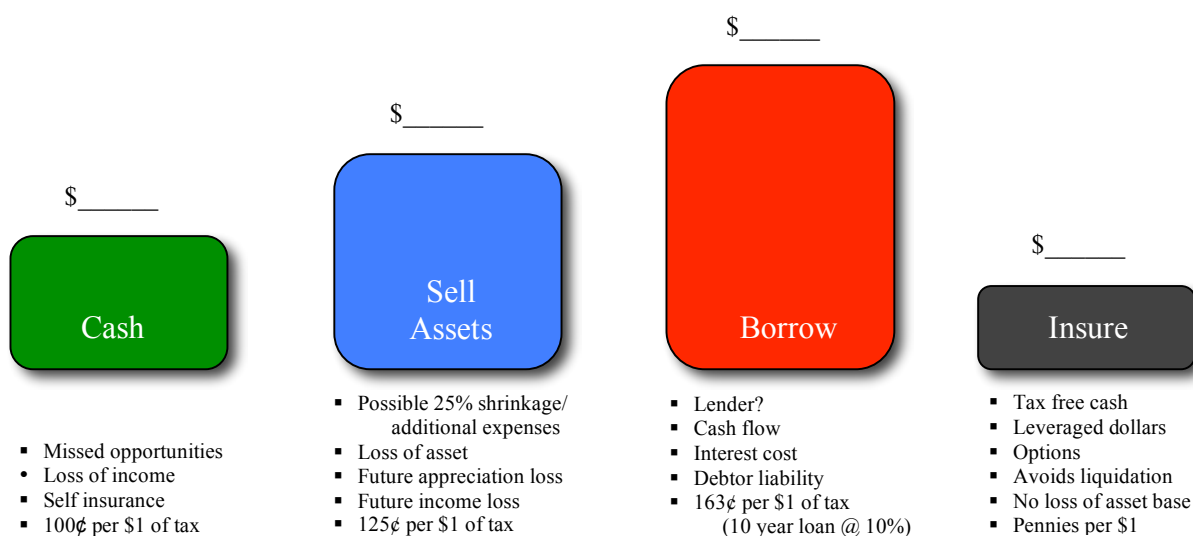


Four Ways to Pay Estate Taxes

ESTATE TAX OPTIONS

\$ _____ Estate Tax
(Due within 9 months)



Liquidity – The False Security

Don't fall into the trap of thinking that your liquid assets are the best way to pay estate taxes.

If you have a net worth of \$10 million, ignoring any unused lifetime exemption, the estate taxes at your death will be almost \$5 million. If you plan on using liquid assets within your estate to pay the estate taxes, your family will receive around \$5 million at your death.

In contrast, a family that does not have liquid assets to pay the estate taxes should consider buying a \$5 million single life or second-to-die life insurance policy to pay the tax. Assuming a single-pay premium, they reallocate \$500,000 of their assets to an Irrevocable Life Insurance Trust, which purchases the \$5 million policy. At death, the remaining \$9.5 million in their estate will be reduced to approximately \$4.8 million after estate taxes. To this will be added the \$5 million from the insurance policy. If the insurance policy is properly structured (i.e., in an irrevocable life insurance trust), the proceeds will be income and estate tax free. This will mean the non-liquid family receives \$9.8 million (\$4.8 million + \$5 million) – as opposed to approximately \$5 million the liquid family receives.

The non-liquid family ends up with almost 100% more money than the liquid family.

	Mr. & Mrs. Liquid	Mr. & Mrs. Non-Liquid
Gross Estate	\$10,000,000	\$10,000,000
Used to Purchase Life Insurance	0	<500,000>
Lost to Federal Estate Taxes	<5,000,000>	<4,700,000>
Left for Heirs	5,000,000	4,800,000
Add Life Insurance Proceeds	0	5,000,000
Net to Family	\$5,000,000	\$9,800,000

(All figures are based on current assumptions, last-to-die life insurance and will vary according to age, medical profile and according to which insurance companies are selected.)