

# Klark Estate Proposals

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## Standard Program

Klark  
■ Proposal  
Software  
I N C



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Phone: 800-289-5774  
Web: [www.klark.com](http://www.klark.com)

## Klark Software: Getting Started

### Installing the program

- Close all Klark programs that are open.
- Insert the CD-ROM. Installation should start automatically.
- If not, at the Windows desktop, click on "Start" then click on "Run..."
- Type "d:\install" (or the appropriate cd-rom drive letter) and click "Ok"

### Klark License Key & Configuration

- At the Windows desktop, click on "Start" then click on "Programs"
- Click on "Klark Proposal Software" and start Klark.
- *If prompted:*
  - At the License Key window, enter the information provided and click "Ok"
  - Enter "State License number" or "Company label" if applicable to your state
  - Adjust "Preview type" as desired
  - Click "Ok"

### Setting up your printer

- At the Klark main menu, click on "File" then click on "Print ..."
- Designate a color printer and click "Ok"
- If print times seem slow, give us a call. We'll verify your printer is configured correctly.

### Case Management

- DEFAULT, DEFAULT loads automatically. Modify it's data to suit your needs. For example, you may want to adjust the "Optional lines" on the "Cover Page." Just enter the information and save the DEFAULT, DEFAULT case.
- At the Klark main menu, click on "File"
- Click on "Open case ..." (you'll notice sample cases already on your system)
- Highlight the case you wish to view and click on "Open"
- Sample inputs will be loaded for each proposal
- Highlight a proposal and press F8 to preview

Klark  
■ Proposal  
Software  
I N C



---

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## Klark Software: Using the Main Menu

- Click on a [Category](#) icon to configure the main menu for the program desired.
- Placing the mouse pointer on any icon displays its title in the lower left hand corner.
- Holding the mouse pointer on any icon for a few seconds results in a title tag being displayed.
- Use TAB to move between input fields, SHIFT+TAB to back up.
- DEFAULT, DEFAULT loads automatically. Change any inputs and save them to suit your needs.
- Notice the proposal icons (left side) reconfigure to match the category selected: [Personal](#), [Business](#), [Estate](#) & [Due Diligence](#)

### Example: Personal Proposals, Cover Page

Category Icons

Categories

Active case: DEFAULT, DEFAULT

Open Case

Proposal Icons

Personal

Cover Page

Input Screen

Icon Title

Cover Page

Help - F1

Configure -

Preview - F8

Print - F9

Title line one

Title line two

Title line three

Title line four

Optional line one

Optional line two

Optional line three

# Estate Analysis Worksheet - Input Screen

Select the following:



The screenshot displays the Klark Standard 1.5.2 software interface. The title bar reads "Klark Standard 1.5.2" and includes standard window controls. The menu bar contains "File", "Edit", and "Help". The main window area is titled "Estate Analysis Worksheet" and contains the text "\*\* No Input Required \*\*".

On the left side, there is a vertical toolbar labeled "Estate" containing various icons for data visualization and analysis. Above this toolbar is a "Categories" section with icons for people, buildings, a gate, and a pie chart. The top left corner features the "Klark Proposal Software" logo and the text "I N C". The top right corner displays "Active Case: Samples, Estate".

At the bottom of the window, there is a status bar with the text "Estate Analysis Worksheet" and four buttons: "Help - F1", "Configure - F2", "Preview - F8", and "Print - F9".

# Estate Analysis Worksheet

Prepared by YOUR NAME HERE

**Step 1** - Have the following information available before starting the program.

Family's last name: \_\_\_\_\_ Joint life: Y N  
Gross Estate: \$ \_\_\_\_\_ Split dollar: Y N  
Majority stockholder: Y N  
1st Death Expenses: \$ \_\_\_\_\_  
Exclusion Amount: \$ \_\_\_\_\_  
2nd Death Expenses: \$ \_\_\_\_\_  
Exclusion Amount: \$ \_\_\_\_\_  
Charity: \$ \_\_\_\_\_  
Nondeductible expenses: \$ \_\_\_\_\_  
Existing life insurance: \$ \_\_\_\_\_  
Annual premium: \$ \_\_\_\_\_  
Years premium paid: \_\_\_\_\_  
Income tax bracket: % \_\_\_\_\_ Projected estate growth rate: % \_\_\_\_\_  
Investment ROR (gross): % \_\_\_\_\_ Number of years sinking fund paid: \_\_\_\_\_  
Loan interest (gross): % \_\_\_\_\_ Loan term (years): \_\_\_\_\_  
Based on rates effective: \_\_\_\_\_

**Step 2** - Start the program and run "Profile." Write the settlement costs amount below.

Settlement costs: \$ \_\_\_\_\_

**Step 3** - Run a ledger with the death benefit equal to the settlement costs.

Annual premium: \$ \_\_\_\_\_  
Years premium paid: \_\_\_\_\_ Life expectancy (years remaining): \_\_\_\_\_

**Step 4** - Restart the program. Run the proposals in their numerical sequence as several proposals use numbers that are calculated on preceding screens.

# Cover Page - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

**Klark Proposal Software** I N C

Categories:

Active Case: Samples, Estate

**Estate**

**Cover Page**

Title line one: Estate Planning Concepts

Title line two: for the

Title line three: Smith Family

Title line four:

Optional line one: 574 Prairie Center Drive, #261

Optional line two: Eden Prairie, MN 55344

Optional line three: (800) 289-5774

Cover Page Help - F1 Configure - F2 Preview - F8 Print - F9

Estate Planning Concepts  
for the  
Smith Family

Prepared by  
YOUR NAME HERE  
574 Prairie Center Drive, #261  
Eden Prairie, MN 55344  
(800) 289-5774

# Introduction - Input Screen

Select the following:



The screenshot displays the Klark Standard 1.5.2 software interface. The title bar at the top reads "Klark Standard 1.5.2" and includes standard window controls (minimize, maximize, close). Below the title bar is a menu bar with "File", "Edit", and "Help".

The main interface area is divided into several sections:

- Top Left:** The "Klark Proposal Software" logo with the letters "I N C" below it.
- Top Center:** A "Categories" section containing five icons: a person, a factory, a building with a staircase, a pie chart, and a bar chart.
- Top Right:** The text "Active Case: Samples, Estate".
- Left Side:** A vertical "Estate" sidebar containing a grid of 16 icons representing various data visualization and report options.
- Main Area:** A large grey rectangular area titled "Introduction" at the top center. In the middle of this area, the text "\*\* No Input Required \*\*" is displayed in blue.
- Bottom:** A footer bar with the word "Introduction" on the left and four buttons on the right: "Help - F1", "Configure - F2", "Preview - F8", and "Print - F9".

# Introduction

---

Prepared by YOUR NAME HERE

In the settlement of your estate, your money can go to one or a combination of three places: family, non-family, or charity. To eliminate estate taxes completely, you would have to give to charity your entire estate minus any currently available exclusions.

If you decide not to give your estate to charity, then a method must be found to pay estate taxes. Estate taxes cannot be "planned away." How these taxes are funded is up to you. By having a strategy in place prior to the transfer of your estate you can:

1. Avoid the delegation of liquidating your estate to an executor.
2. Minimize estate settlement costs.
3. Allow an orderly transfer of your assets based on your input and desires.

The purpose of this proposal is to make you aware of some of the options available to you and your family.

**Please consult with your legal or tax advisor for specific advice.**

# The Impact of Estate Taxes - Input Screen

Select the following:



**Klark Standard 1.5.2** [Window Controls]

File Edit Help

**Klark Proposal Software** I N C

Categories: [Icons: People, Building, Bridge, Pie Chart]

Active Case: Samples, Estate

### Estate

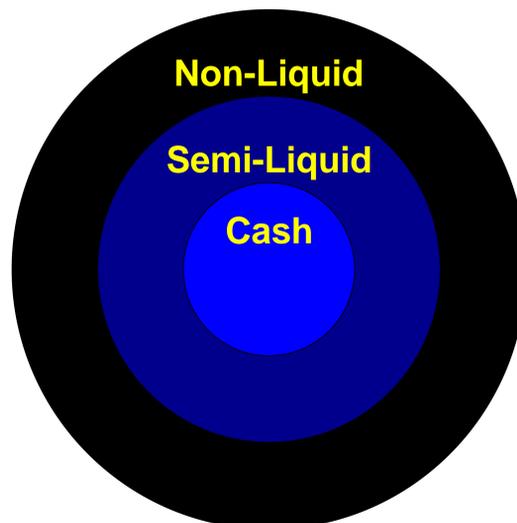
Impact of Estate Taxes

**\*\* No Input Required \*\***

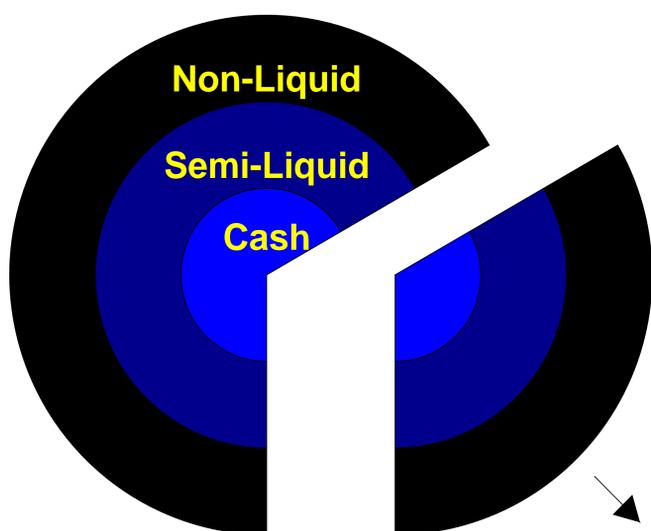
Impact of Estate Taxes | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# The Impact of Estate Taxes

Prepared by YOUR NAME HERE

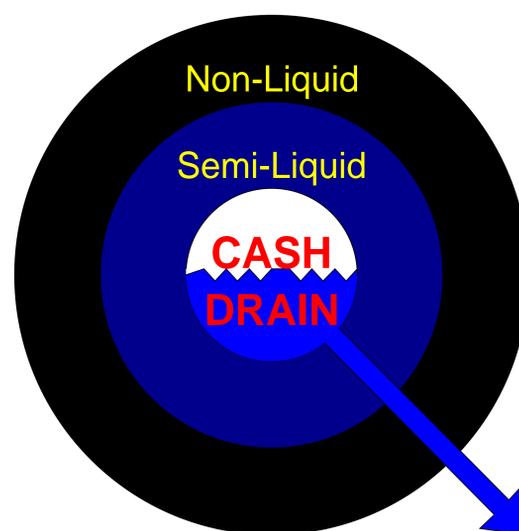


While Alive



Upon Death:  
The Myth

**To  
I.R.S.**



Upon Death:  
The Reality

**To  
I.R.S.**

Estate taxes are normally due within nine months from the date of death and are payable only in cash!

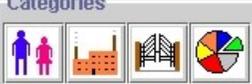
# Estate Tax Chart - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories: 

Active Case: Samples, Estate

### Estate Tax Chart

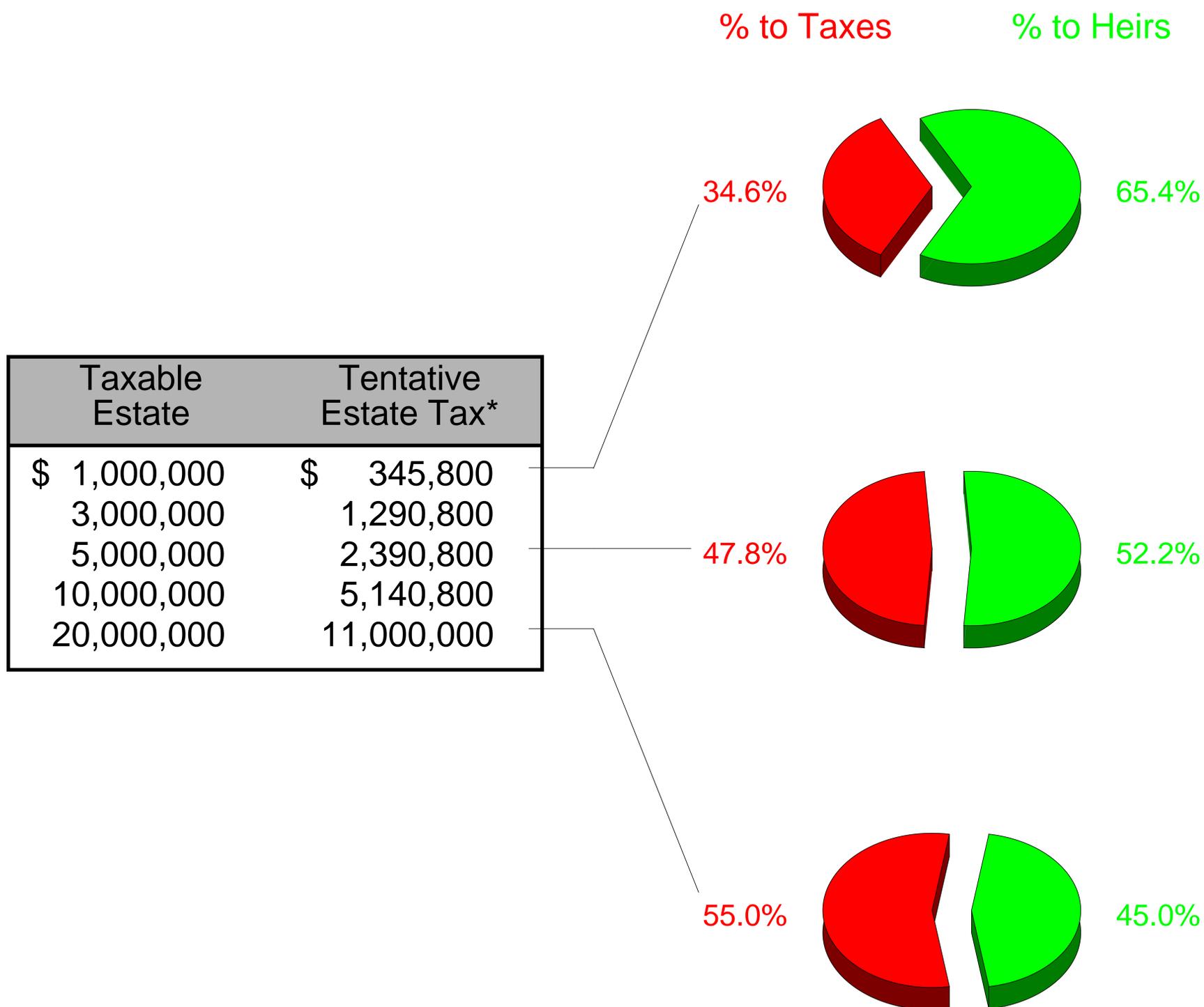
Based on rates effective **2005**

- 2001
- 2002
- 2003
- 2004
- 2005**
- 2006
- 2007 & 2008
- 2009
- 2010
- 2011 and beyond

Estate Tax Chart | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Estate Tax Chart

Prepared by YOUR NAME HERE



\* Based on rates effective 1/1/2011. If available, an Applicable Credit Amount may be applied towards Estate Taxes. A 5.0% surcharge is applied on that portion of a taxable estate exceeding \$10,000,000 but not over \$17,184,000.

# 10 Famous Americans - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

**Klark Proposal Software** I N C

Categories:    

Active Case: Samples, Estate

Estate

10 Famous Americans

"Famous" Prospect's name

10 Famous Americans Help - F1 Configure - F2 Preview - F8 Print - F9

# 10 Famous Americans

Prepared by YOUR NAME HERE

	<u>Gross Estate</u>	<u>Settlement Costs*</u>	<u>Net Estate</u>	<u>Percent Shrinkage</u>
Gary Cooper	\$4,984,985	\$1,530,454	\$3,454,531	30.7%
Walt Disney	23,004,851	6,811,943	16,192,908	29.61%
Alwin Ernst, CPA	12,642,431	7,124,112	5,518,319	56.35%
Rock Hudson	8,600,000	4,673,712	3,926,288	54.35%
Robert F. Kennedy	1,606,438	1,010,609	595,829	62.91%
Rick Nelson	744,357	237,721	506,636	31.94%
Elvis Presley	10,165,434	7,374,635	2,790,799	72.55%
Nelson Rockefeller	79,249,475	22,521,847	56,727,628	28.42%
Jessica Savitch	2,175,463	1,117,132	1,058,331	51.35%
Dean Witter	7,451,055	1,830,717	5,620,338	24.57%
Mr. & Mrs. Smith	?	?	?	?

*\* Information on each estate is available from public records in the court where the estate was administered.*

# Profile - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Estate

**Estate** | **Profile**

Family's last name:

Based on rates effective:

Joint life:

Gross estate:

**1st Death**

Expenses:

Exclusion Amount:  **Max UTE \$1,500,000**

**2nd Death**

Expenses:

Exclusion Amount:

Charity:

**Taxable estate \$2,875,000**

**Estate tax \$636,250**

Nondeductible expenses:

**Total expenses \$761,250**

Existing life insurance:

**Settlement costs \$761,250**

Profile | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Profile - Smith Family

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Prepared by YOUR NAME HERE

Taking into account the figures provided and the present configuration of your estate, the following numbers are an approximation of your estate's settlement costs as they stand today.

1st Death	Gross Estate:	\$4,500,000
	Expenses:	- 55,000
	<u>Applicable Exclusion Amount*:</u>	<u>- 1,000,000</u>
	Adjusted Gross Estate:	3,445,000
<u>2nd Death</u>	<u>Expenses:</u>	<u>- 55,000</u>
	Taxable Estate:	3,390,000
	Tentative Estate Tax**:	1,505,300
	<u>Applicable Credit Amount:</u>	<u>- 345,800</u>
	Estate Tax:	1,159,500
	<u>Deductible Expenses:</u>	<u>+ 110,000</u>
	Settlement Costs:	<b>1,269,500</b>

\* Assumes Applicable Exclusion Amount is gifted to a third party.

\*\* Based on rates effective 1/1/2011. A 5.0% surcharge is applied on that portion of a taxable estate exceeding \$10,000,000 but not over \$17,184,000.

# Funding Options - Input Screen

Select the following:



**Klark Standard 1.5.2** [Window Title Bar]

File Edit Help [Menu Bar]

**Klark Proposal Software** [Logo]

Categories: [Icons: People, Building, Bridge, Pie Chart]

Active Case: Samples, Estate

Estate [Sidebar with various icons]

Funding Options

Settlement costs \$761,250 [Input Field]

Funding Options [Bottom Bar]

Help - F1 | Configure - F2 | Preview - F8 | Print - F9 [Buttons]

# Funding Options

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Prepared by YOUR NAME HERE

Based on your current estate, settlement costs would amount to \$1,269,500. There are only four methods available to raise the cash necessary to pay settlement costs. They are:

- |                |   |
|----------------|---|
| Liquidation    | The conversion of estate assets into cash. This method can be very expensive if assets are not easily convertible.                                      |
| Borrowing      | If loans are available under favorable terms, this option will eventually cost your estate the amount of principal plus interest.                       |
| Sinking Fund   | Requires a consistent, well managed stream of capital along with sufficient time to mature.   |
| Life Insurance | Assuming favorable underwriting and proper ownership, this method usually requires the least amount of capital outlay and does not need time to mature. |

The following pages will analyze each option in detail.

# Liquidation vs. Life Insurance - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

**Klark Proposal Software** I N C

Categories:

Active Case: Samples, Estate

### Liquidation vs. Life Insurance

Gross estate

Settlement costs

**Proposed life insurance**

Annual premium

Years premium paid

**Existing life insurance**

Annual premium

Years premium paid

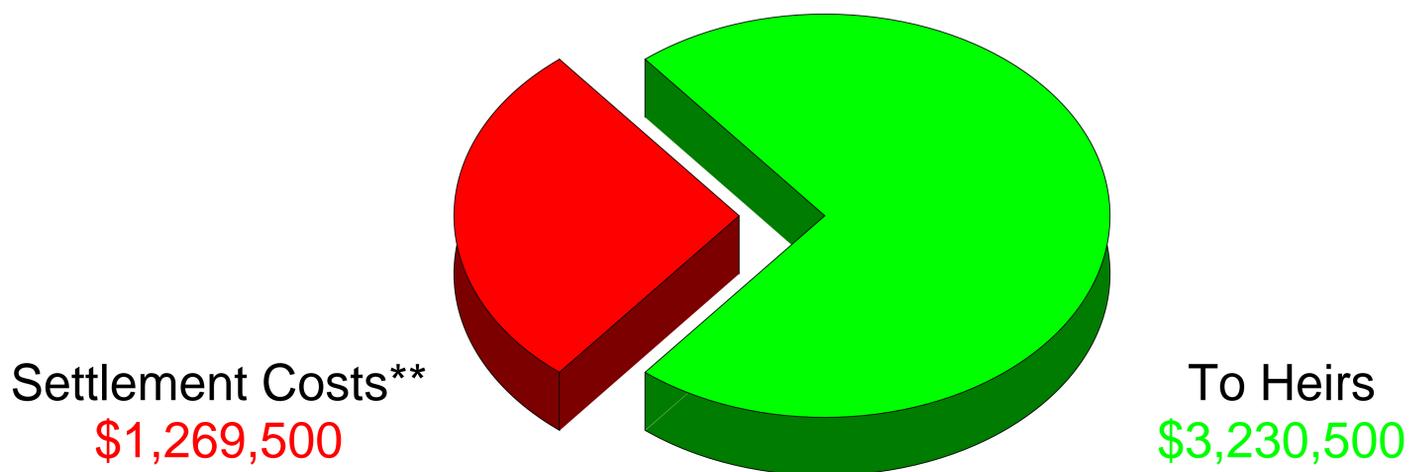
Liquidation vs. Life Insurance    Help - F1    Configure - F2    Preview - F8    Print - F9

# Liquidation vs. Life Insurance

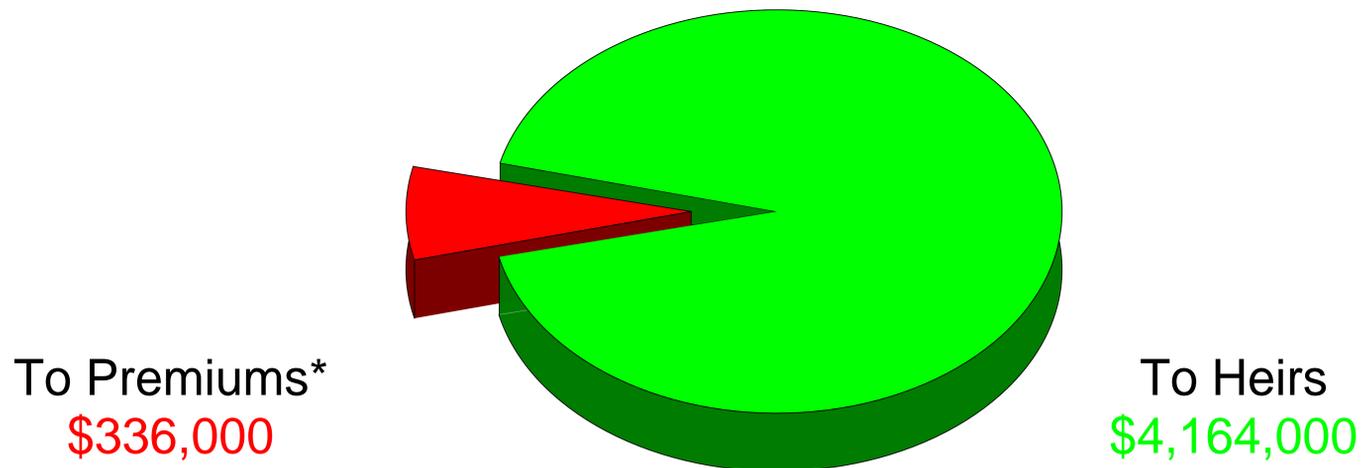
Prepared by YOUR NAME HERE

Your estate will need approximately \$1,269,500 for settlement costs. Liquidation uses assets of the estate for raising cash. Life insurance, when properly owned, uses the death benefit for raising cash.

## Liquidation Method



## Life Insurance Method



\* Contingent on underwriting. Not an estimate nor guarantee of future results. See accompanying basic illustration for details. This illustration does not take into account the time value of money. Includes 28 annual premiums of \$12,000 for proposed life insurance.

\*\* Settlement Costs consist of estate taxes and expenses.

This information may not be used with Variable products.

# Cash Flows - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Estate

### Estate

- 
- 
- 
- 
- 
- 
- 
- 
- 
- 
- 

### Cash Flows

Settlement costs

Life expectancy (years remaining)

Present tax bracket

Investment ROR (gross)

Illustrate loan

Loan interest (gross)

Loan term (years)

Illustrate sinking fund

Years sinking fund paid

Starting balance

Illustrate insurance

Annual premium

Years premium paid

Lump sum deposit

Show comparison of plans only

#### Annual Payments

Loan: \$112,627  
Invest: \$10,588  
Insure: \$8,000

#### Present Value

Loan: \$175,042  
Invest: \$151,303  
Insure: \$114,322

Cash Flows

Help - F1    Configure - F2    Preview - F8    Print - F9

# Cash Flow: Borrowing

Prepared by YOUR NAME HERE

Shown below is a \$1,269,500 loan made at 10.0% payable over 10 years. We have assumed a life expectancy of 28 years. Total cost: \$1,878,230.



Now the present value\*\* of the loan. What amount of money would we need in the bank today at 5.94% net to pay the cost of the loan ?

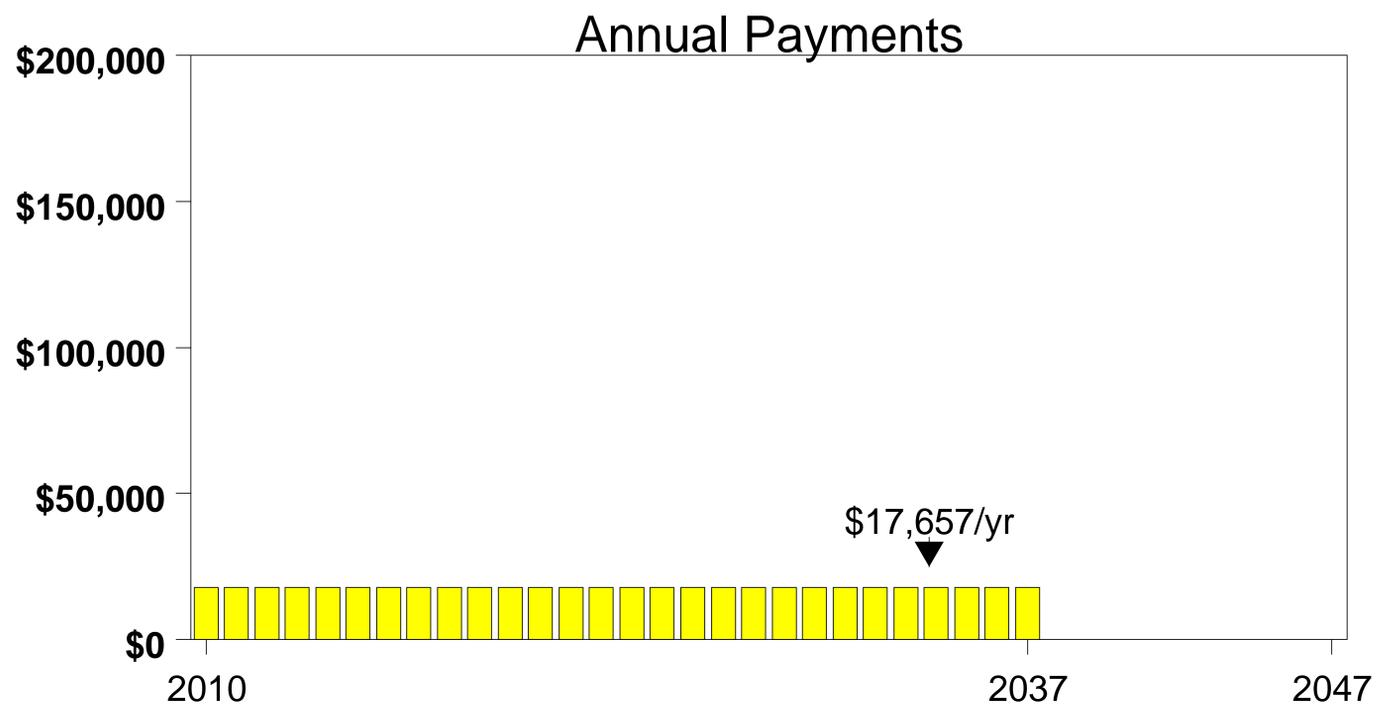


\*\* Assumes a 9.0% ROR and a 34.0% tax bracket.

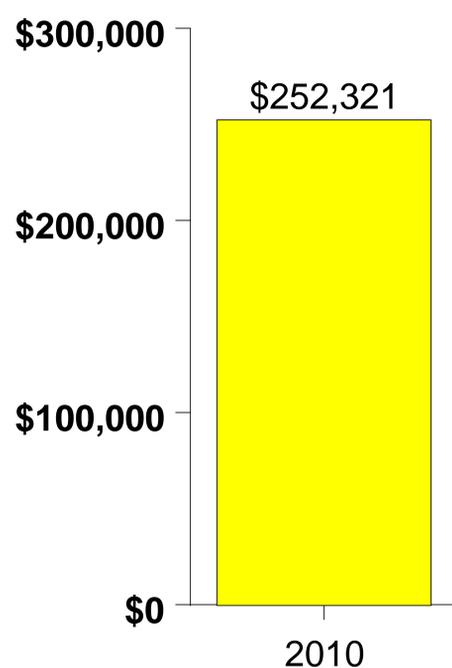
# Cash Flow: Sinking Fund

Prepared by YOUR NAME HERE

Shown below are the payments on a sinking fund earning 5.94% net for 28 years needed to accumulate \$1,269,500. Total cost: \$494,394.



Now the present value\*\* of the sinking fund payments. What amount of money would we need in the bank today earning 5.94% net in order to pay your settlement costs ?

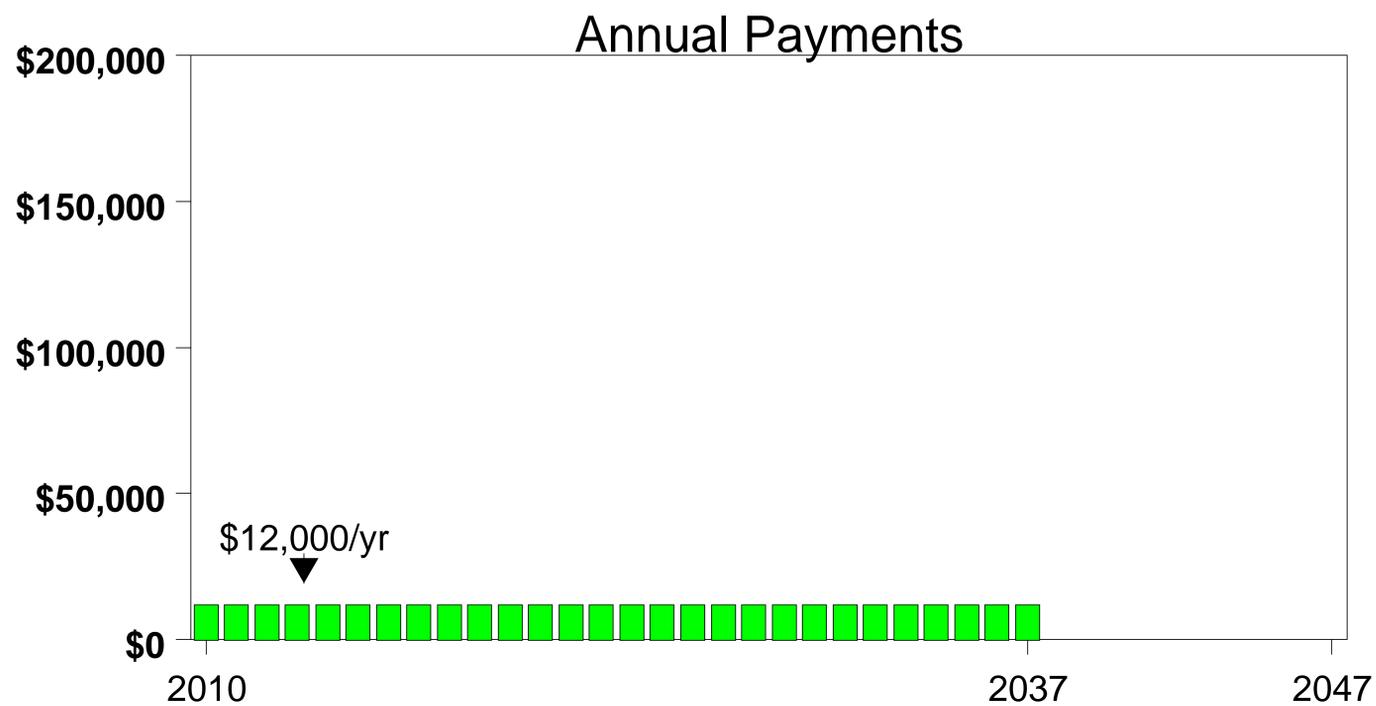


\*\* Assumes a 9.0% ROR and a 34.0% tax bracket.

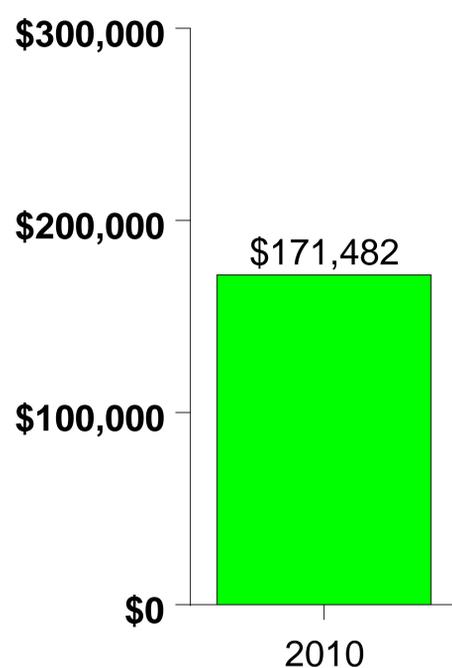
# Cash Flow: Insurance\*

Prepared by YOUR NAME HERE

Shown below are the premiums on a \$1,269,500 policy paid for 28 years. We have assumed a life expectancy of 28 years. Total cost: \$336,000.



Now the present value\*\* of the insurance premiums. What amount of money would we need in the bank today earning 5.94% net in order to pay the premiums for 28 years ?



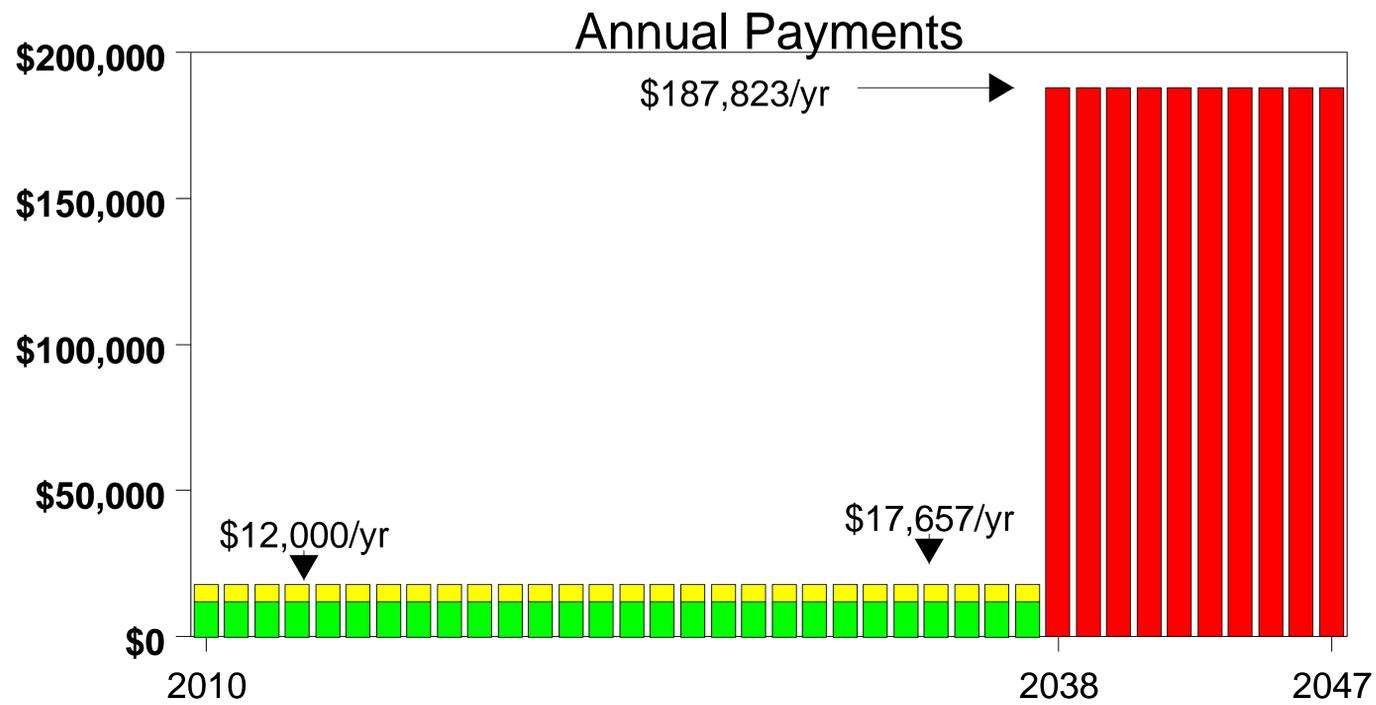
\* Contingent on underwriting. Not an estimate nor guarantee of future results. See accompanying basic illustration for details.

\*\* Assumes a 9.0% ROR and a 34.0% tax bracket.

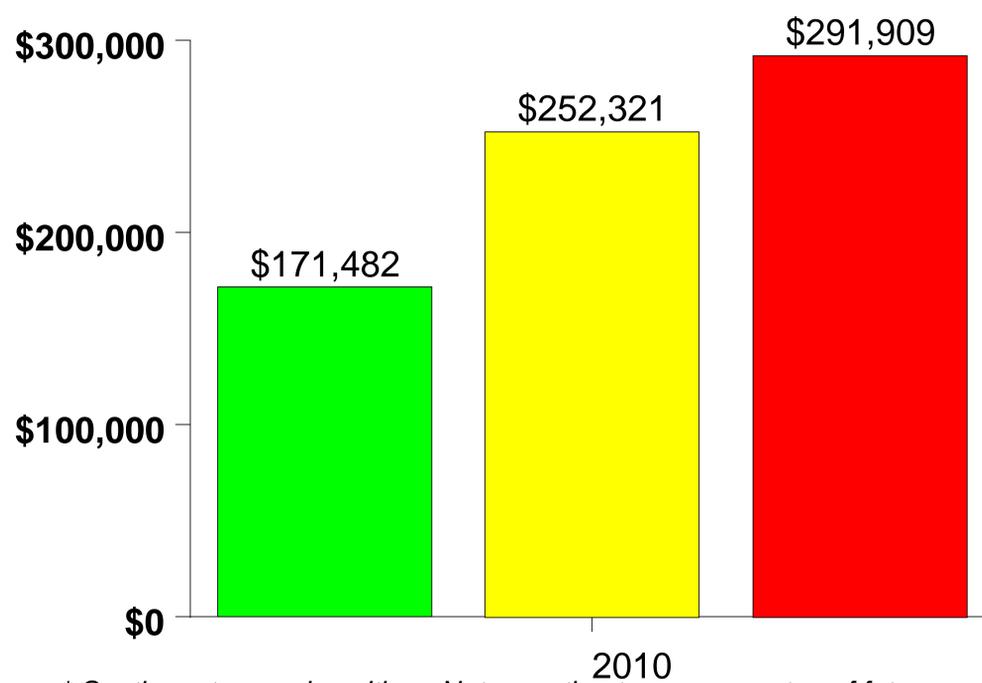
# Cash Flow: Comparison

Prepared by YOUR NAME HERE

Here are the cash flows side by side.



Below are the present values\*\* of the cash flows.



\* Contingent on underwriting. Not an estimate nor guarantee of future results. See accompanying basic illustration for details.

\*\* Assumes a 9.0% ROR and a 34.0% tax bracket.

# Which Check ? - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Estate

### Which Check ?

Remitter #1	Smith Estate
Pay to #1	Settlement Costs
Amount #1	\$761,250
Memo #1	IRS, expenses, etc.
Signature #1	Executor of Your Estate
Remitter #2	Mr. & Mrs. Smith
Pay to #2	Smith Family Insurance Trust
Amount #2	\$224,000
Memo #2	insurance premiums
Signature #2	Mr. & Mrs. Smith

Which Check ?      Help - F1      Configure - F2      Preview - F8      Print - F9

# Which Check\* ?

Prepared by YOUR NAME HERE

Which check would you rather see issued ?

Smith Estate	
Pay to the Order of	<u>Settlement Costs</u> \$ <u>1,235,000</u>
<u>One million two hundred thirty five thousand</u> Dollars	
<u>IRS, expenses, etc.</u>	<u>Executor of Your Estate</u>

Or?

Mr. & Mrs. Smith	
Pay to the Order of	<u>Smith Family Insurance Trust</u> \$ <u>336,000</u>
<u>Three hundred thirty six thousand</u> Dollars	
<u>insurance premiums</u>	<u>Mr. &amp; Mrs. Smith</u>

*\* Contingent on underwriting. Not an estimate nor guarantee of future results. See accompanying basic illustration for details. This illustration does not take into account the time value of money.*

# Life Insurance Trust - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

**Klark Proposal Software** I N C

Categories:

Active Case: Samples, Estate

### Life Insurance Trust

Family's last name

Joint life  ▼

Split dollar  ▼

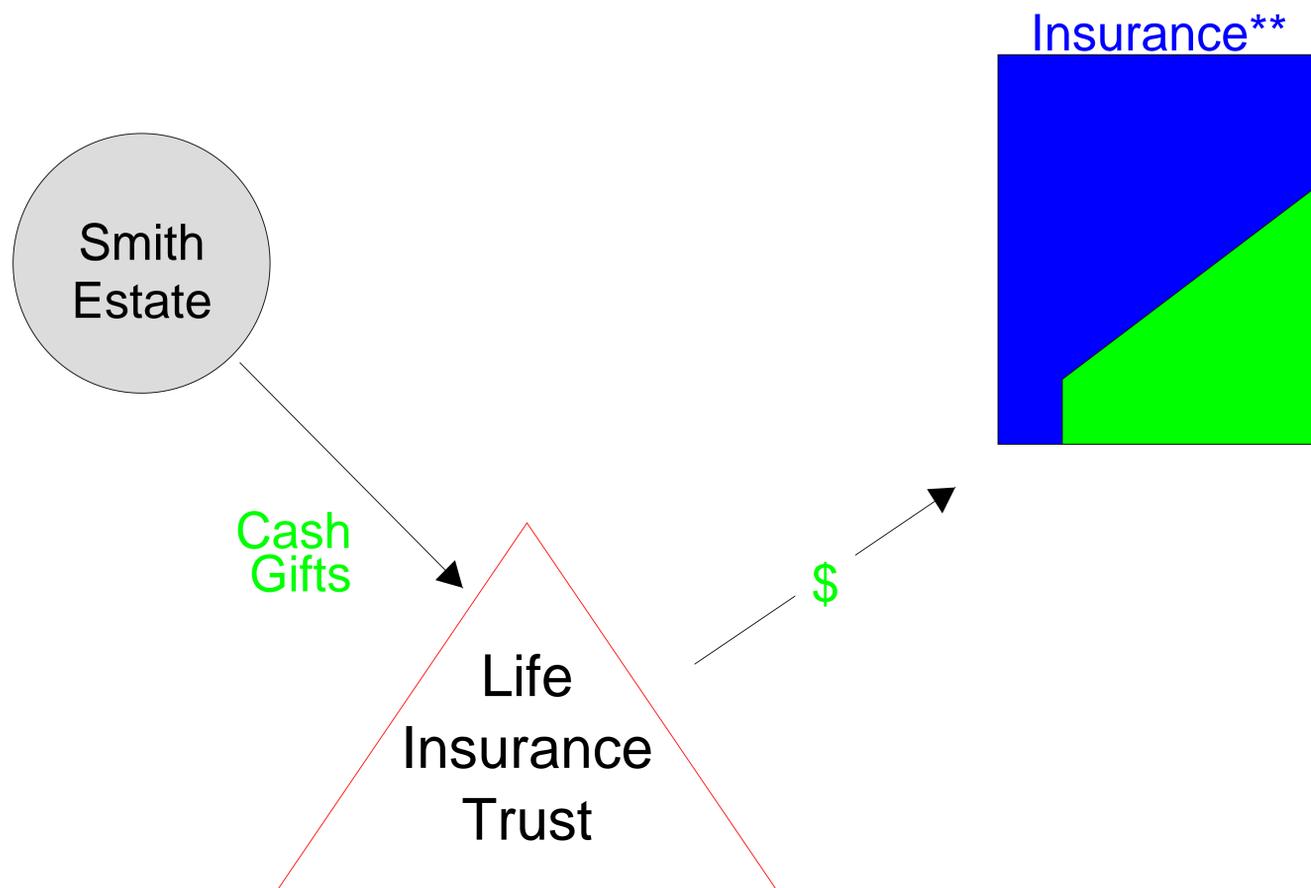
Majority Shareholder  ▼

Life Insurance Trust | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Life Insurance Trust

Prepared by YOUR NAME HERE

## While Alive



## How It Works

- You and your Spouse as Grantors, make annual cash gifts to the Trust.
- Trust is Applicant, Premium Payer, Owner and Beneficiary of the Joint & Survivor insurance policy.
- Trust pays premiums to the Insurance Company.

*\*\* The insurance death benefit is represented by the combined blue and green areas. The green area is a representation of the insurance plan's cash values.*

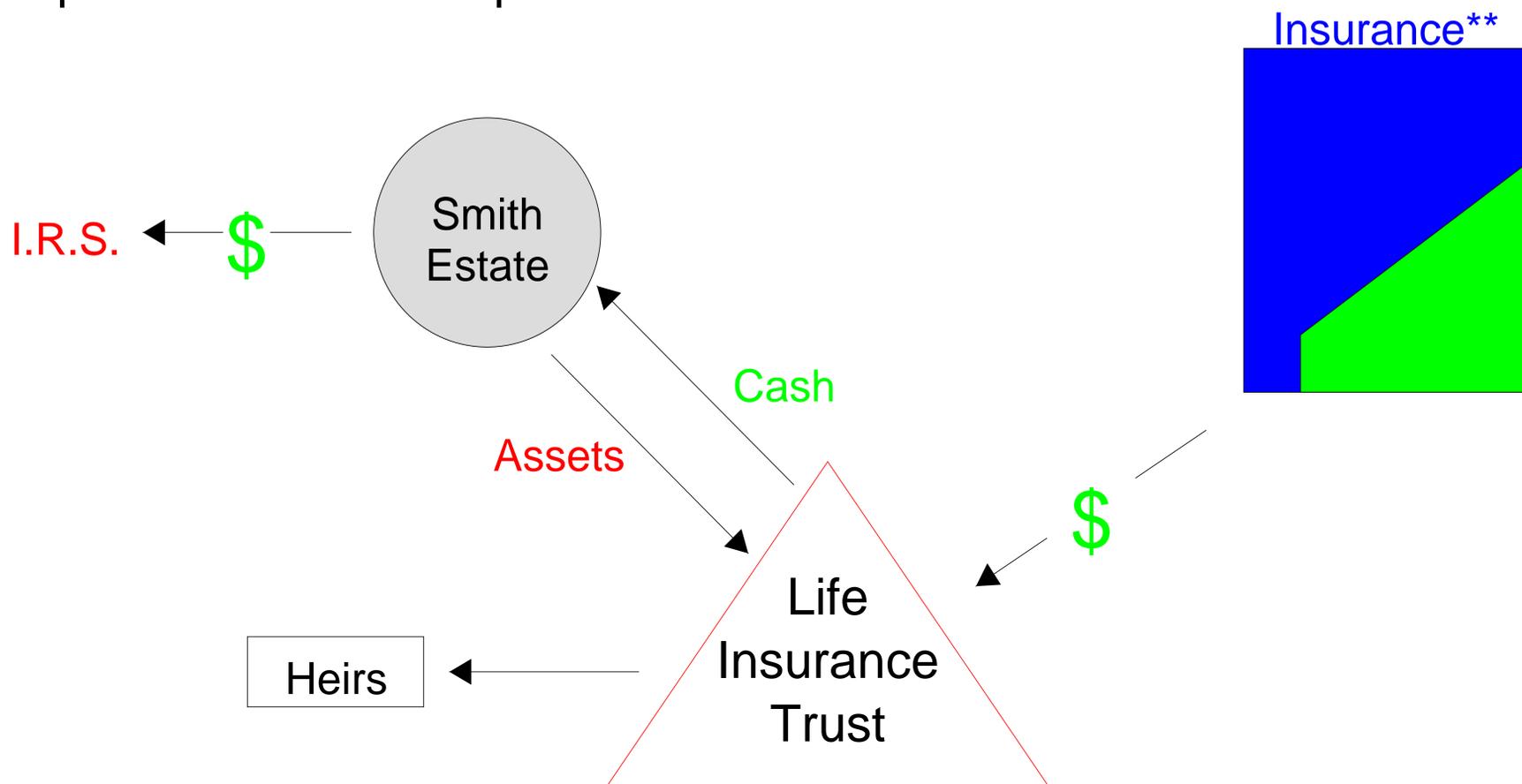
**Please consult with your legal or tax advisor for specific advice.**

Page 1 of 2

# Life Insurance Trust (cont.)

Prepared by YOUR NAME HERE

## Upon Death of 2nd Spouse



### What Happens

- Insurance Company pays Death Benefit to Trust as Beneficiary.
- Trust may buy Assets from the Estate or lend dollars to the Estate so Settlement Costs can be paid by the Estate.
- Heirs receive Assets as directed by Trust.

*\*\* The insurance death benefit is represented by the combined blue and green areas. The green area is a representation of the insurance plan's cash values.*

**Please consult with your legal or tax advisor for specific advice.**

Page 2 of 2

# Projections - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Estate

### Estate

- Home icon
- Chart icon
- Table icon
- Chart icon
- Chart icon
- Chart icon
- Chart icon
- Table icon
- Chart icon

### Projections

Family's last name:

Based on rates effective:

Joint life:

Gross estate:

**1st Death**

Expenses:

Exclusion Amount:  **Max UTE \$1,500,000**

**2nd Death**

Expenses:  **Future Estate**

Exclusion Amount:  **Gross \$13,494,165**

Charity:  **To Heirs \$8,505,657**

**Taxable estate \$2,875,000** **To Costs \$4,988,508**

**Estate tax \$636,250**

Nondeductible expenses:

**Total expenses \$761,250**

Life expectancy (years remaining):

Projected estate growth rate:

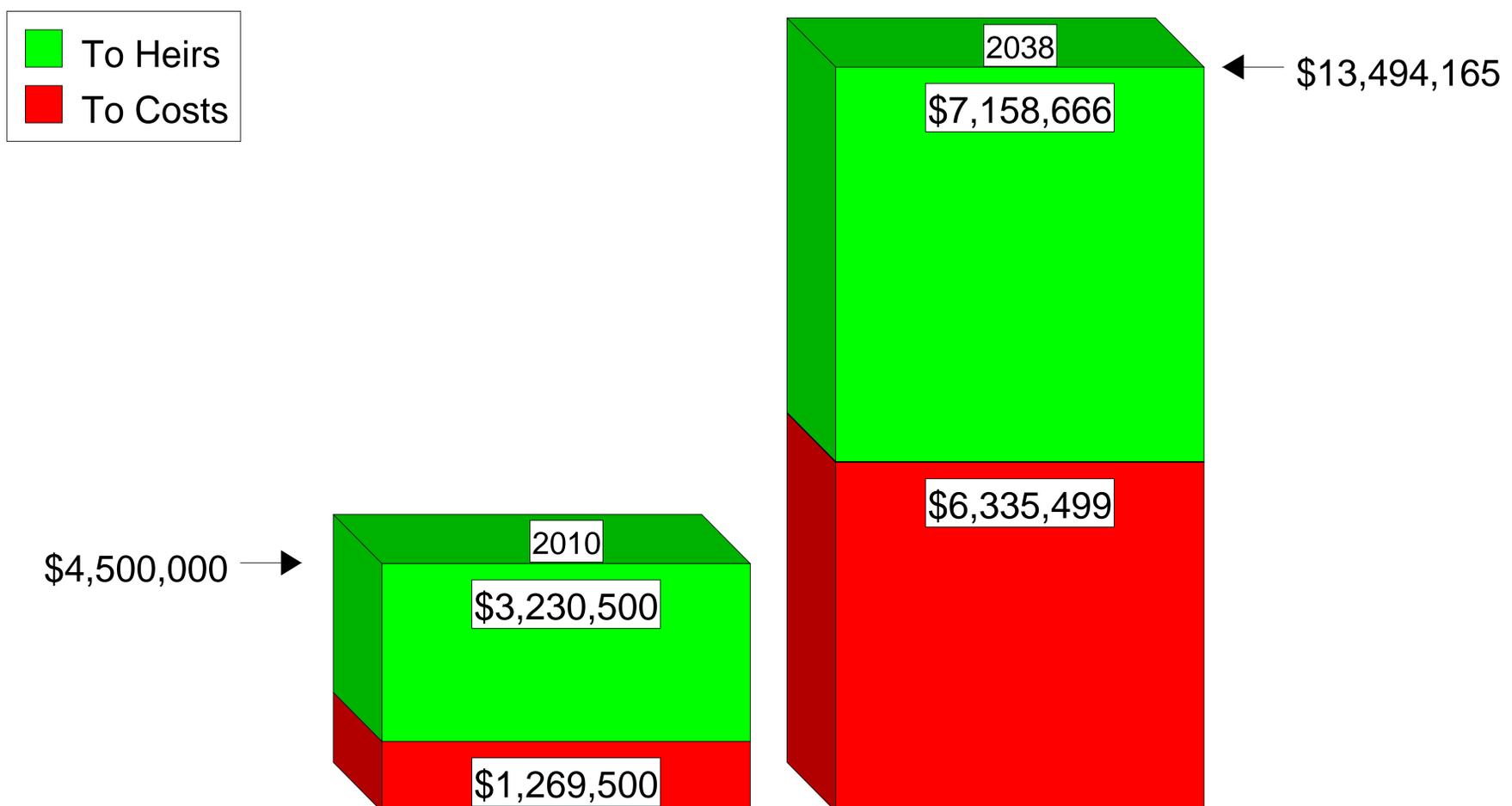
Projections | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Projections\*

Prepared by YOUR NAME HERE

Assuming a present estate of \$4,500,000, an annual growth of 4.0% and a period of 28 years, what would your future estate look like ?

## Smith Estate



## Progressive Tax Effect

The gross estate would increase by 199.9%.  
The inheritance passed would increase by 121.6%.  
The total costs would increase by 399.1%.

*\* Based on rates effective 1/1/2011. A 5.0% surcharge is applied on that portion of a taxable estate exceeding \$10,000,000 but not over \$17,184,000. Assumes 1st Death Applicable Exclusion Amount is gifted to a third party.*

# Summary - Input Screen

Select the following:



**Klark Standard 1.5.2** [Window Title Bar]

File Edit Help [Menu Bar]

**Klark Proposal Software** [Logo]

Categories: [Icons for People, Building, Staircase, Pie Chart]

Active Case: Samples, Estate

Estate [Sidebar Header]

Summary [Main Content Header]

**\*\* No Input Required \*\*** [Main Content Area]

Summary [Bottom Left Footer]

Help - F1 | Configure - F2 | Preview - F8 | Print - F9 [Bottom Right Footer]

# Summary

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Prepared by YOUR NAME HERE

## Advantages of the Insurance Option:

1. Liquid dollars are created exactly when needed.
  2. A minimum of capital is tied up. Insurance instantly creates a funding method to pay settlement costs.
  3. Assets can be removed from your taxable estate through gifts.
  4. Program is self-completing. Balance of payments are canceled if death occurs before projected life expectancy.
- 

## Conclusion:

The use of properly owned life insurance along with favorable underwriting is typically the most cost effective way to prepay the settlement costs your family will ultimately have to pay.

**Please consult with your legal or tax advisor for specific advice.**

# Estate Analysis Basics - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

**Klark Proposal Software** I N C

Categories:

Active Case: Samples, Estate

Estate Analysis Basics

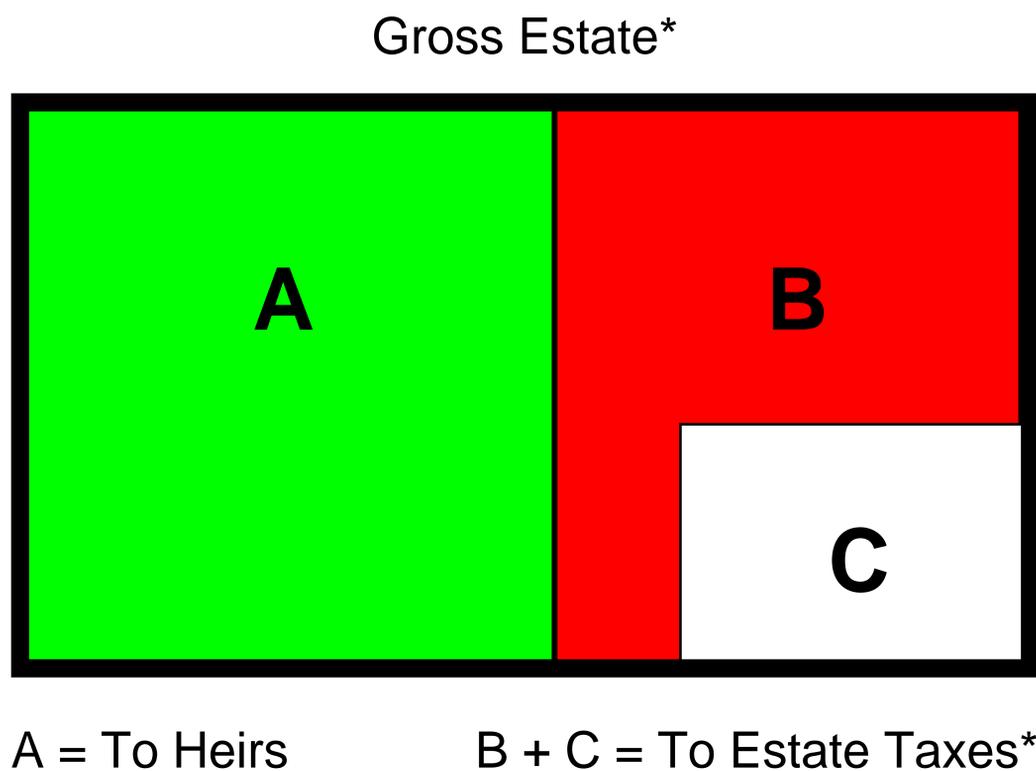
Based on rates effective **2005**

- 2001
- 2002
- 2003
- 2004
- 2005**
- 2006
- 2007 & 2008
- 2009
- 2010
- 2011 and beyond

Estate Analysis Basics | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Estate Analysis Basics

Prepared by YOUR NAME HERE



Shown above is a graphic representation of a Gross Estate outlined in bold. The potential impact of taxes is illustrated by the three lettered boxes. By default, 47.02% of the estate pictured above will be consumed by estate taxes, B + C. The amount to Heirs would be A.

With proper ownership and assuming the availability of life insurance, it is possible to reduce the impact of estate costs to C. The amount then passed to your Heirs would be A + B.

**Is your Estate structured to minimize the impact of taxes and maximize the amount passed to your Heirs ?**

\* The profile illustrated represents the Tentative Estate Tax on a \$4,500,000 gross estate based on rates effective 1/1/2011. If available, an Applicable Credit Amount may be applied towards Estate Taxes. Scenarios will vary according to the specific characteristics of each estate and the health and age of the individual(s) involved. A 5.0% surcharge is applied on that portion of a taxable estate exceeding \$10,000,000 but not over \$17,184,000.

**Please consult with your legal or tax advisor for specific advice.**

# Funding Alternatives - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Estate

### Estate

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### Funding Alternatives

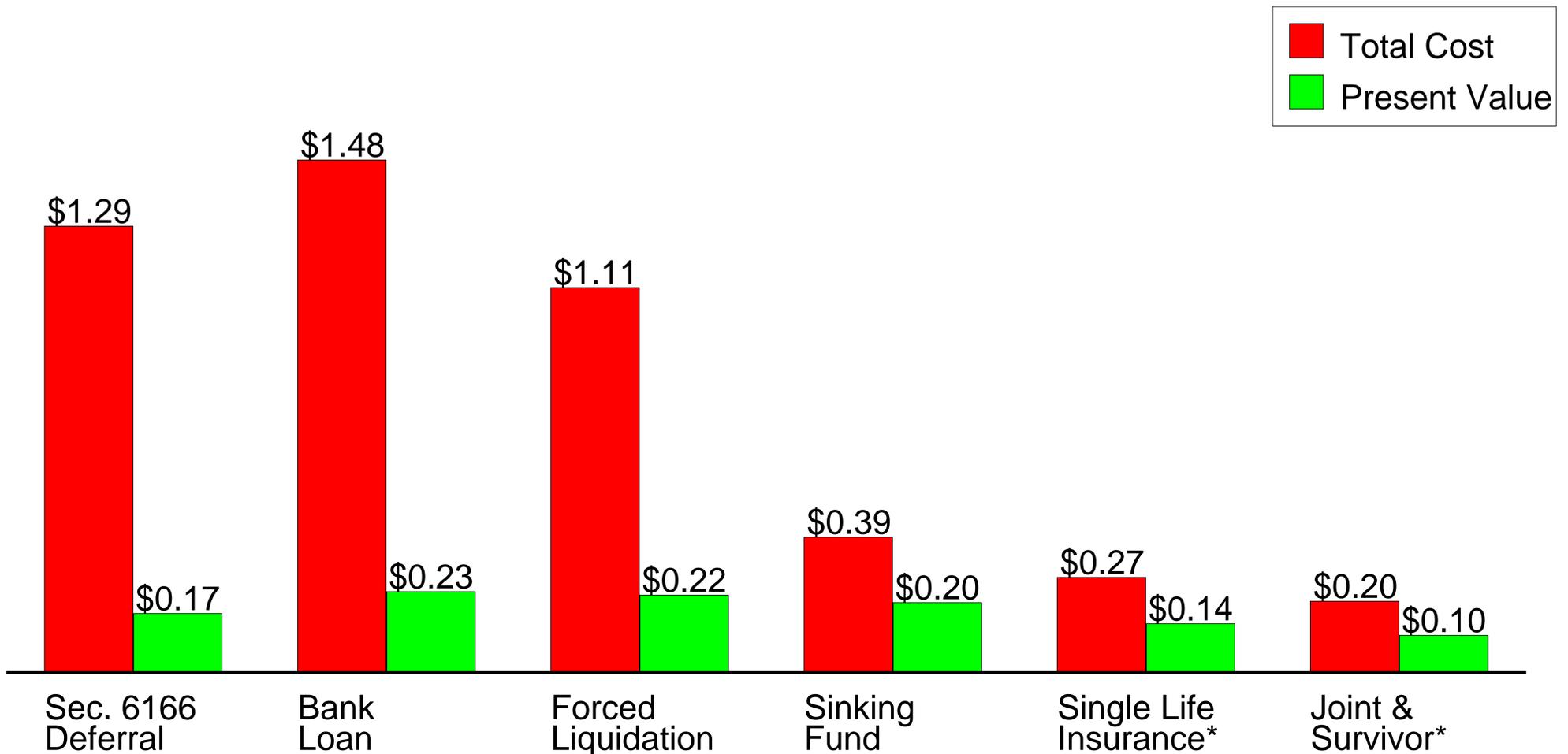
Liability Amount	\$761,250	
Applicable Exclusion Amount	\$1,500,000	
Life expectancy (years remaining)	28	
Present tax bracket	34.0	
Investment ROR (gross)	9.0	
Sec. 6166 loan interest	2.0	8.0
Loan interest (gross)	10.0	
Loan term (years)	10	
Liquidation discount factor	10.0	
Starting balance	\$0	
Years sinking fund paid	28	
Annual premium	\$8,000	
Years premium paid	28	
Joint & survivor annual premium	\$7,000	
Years joint & survivor premium paid	28	
Lump sum deposit	\$0	

Funding Alternatives      Help - F1      Configure - F2      Preview - F8      Print - F9

# Funding Alternatives: \$1,235,000

Prepared by YOUR NAME HERE

## Per \$1 Transfer Costs



### Assumptions

Section 6166: 2.0% & 8.0% deferral interest rates.

Bank Loan: 10 years @ 10.0%.

Forced Liquidation: 10.0% discount, capital gains not considered.

Sinking Fund: 9.0% ROR, 34.0% tax bracket.

Single Life Insurance\*: See accompanying basic illustration.

Joint & Survivor\*: See accompanying basic illustration.

Present values @ 5.94% Net ROR, Life expectancy 28 years.

*\* Contingent on underwriting. Not an estimate nor guarantee of future results. See accompanying basic illustration for details. Single Life Insurance outlay represents 28 annual premiums of \$12,000. Joint & Survivor outlay represents 28 annual premiums of \$9,000.*

**This information may not be used with Variable products.**

# Funding Alternatives: \$1,235,000

Prepared by YOUR NAME HERE

## Annual Cash Flows

	Sec. 6166 Deferral	Bank Loan	Forced Liquidation	Sinking Fund	Single Life Insurance*	Joint & Survivor*
Starting Balance				0	0	0
Years 1-28				\$17,177	\$12,000	\$9,000
29	\$37,500	\$182,719	\$1,372,222			
30	\$37,500	\$182,719				
31	\$37,500	\$182,719				
32	\$37,500	\$182,719				
33	\$161,000	\$182,719				
34	\$157,250	\$182,719				
35	\$153,500	\$182,719				
36	\$149,750	\$182,719				
37	\$146,000	\$182,719				
38	\$142,250	\$182,719				
39	\$138,500					
40	\$134,750					
41	\$131,000					
42	\$127,250					
Total Outlay	\$1,591,250	\$1,827,190	\$1,372,222	\$480,956	\$336,000	\$252,000
Present Value	\$207,416	\$283,977	\$272,738	\$245,463	\$171,482	\$128,612

\* Contingent on underwriting. Not an estimate nor guarantee of future results. See accompanying basic illustration for details. Single Life Insurance outlay represents 28 annual premiums of \$12,000. Joint & Survivor outlay represents 28 annual premiums of \$9,000.

This information may not be used with Variable products.

# Funding Alternatives: \$1,235,000

Prepared by YOUR NAME HERE

## Points to Consider

Section 6166 Deferral	Lien against the estate during the deferral period. Administrative expenses and state inheritance taxes may not be eligible for deferral. The government, not your estate, has control until payments are completed.
Bank Loan	Can loan qualifications be met? Is a loan available under favorable terms? The burden is shifted to another generation. The bank has control.
Forced Liquidation	Is market timing correct? In a buyer's market, "fire sale" prices may apply. Market conditions are in control.
Sinking Fund	Requires a consistent, well managed stream of capital. The fund assumes time is available for principal and interest to accumulate.
Life Insurance	Creates cash precisely when needed. If properly owned and qualified for, usually requires the least capital outlay. You have control.

Please consult with your legal or tax advisor for specific advice.

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# Uncle Sam's Inheritance - Input Screen

Select the following:



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Categories:

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### Uncle Sam's Inheritance

Based on rates effective **2005**

- 2001
- 2002
- 2003
- 2004
- 2005**
- 2006
- 2007 & 2008
- 2009
- 2010
- 2011 and beyond

Uncle Sam's Inheritance

Help - F1    Configure - F2    Preview - F8    Print - F9

# Uncle Sam's Inheritance

Prepared by YOUR NAME HERE

Your Taxable  
Estate

\$1,000,000

\$3,000,000

\$5,000,000

\$10,000,000

\$20,000,000

\$50,000,000

Uncle Sam's  
Inheritance\*

\$345,800

\$1,290,800

\$2,390,800

\$5,140,800

\$11,000,000

\$27,500,000

\$248,300 plus 39% of any amount  
over \$750,000

\$1,025,800 plus 53% of any amount  
over \$2,500,000

\$1,290,800 plus 55% of any amount  
over \$3,000,000

*\* "Uncle Sam's Inheritance" represents the Tentative Estate Tax based on rates effective 1/1/2011. If available, an Applicable Credit Amount may be applied towards Estate Taxes. A 5.0% surcharge is applied on that portion of a taxable estate exceeding \$10,000,000 but not over \$17,184,000.*

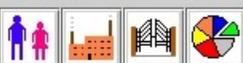
# Federal Estate Tax Tables - Input Screen

Select the following:



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Klark Proposal Software I N C

Categories: 

Active Case: Samples, Estate

### Federal Estate Tax Tables

Based on rates effective **2005**

- 2001
- 2002
- 2003
- 2004
- 2005**
- 2006
- 2007 & 2008
- 2009
- 2010
- 2011 and beyond

Federal Estate Tax Tables

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# Federal Estate Tax Tables\*

Prepared by YOUR NAME HERE

If the amount with respect to which the tentative tax to be computed is:

The tentative tax is:

Not over \$10,000 .....	18% of such amount.
Over \$10,000 but not over \$20,000 .....	\$1,800 plus 20% of the excess of such amount over \$10,000.
Over \$20,000 but not over \$40,000 .....	\$3,800 plus 22% of the excess of such amount over \$20,000.
Over \$40,000 but not over \$60,000 .....	\$8,200 plus 24% of the excess of such amount over \$40,000.
Over \$60,000 but not over \$80,000 .....	\$13,000 plus 26% of the excess of such amount over \$60,000.
Over \$80,000 but not over \$100,000 .....	\$18,200 plus 28% of the excess of such amount over \$80,000.
Over \$100,000 but not over \$150,000 .....	\$23,800 plus 30% of the excess of such amount over \$100,000.
Over \$150,000 but not over \$250,000 .....	\$38,800 plus 32% of the excess of such amount over \$150,000.
Over \$250,000 but not over \$500,000 .....	\$70,800 plus 34% of the excess of such amount over \$250,000.
Over \$500,000 but not over \$750,000 .....	\$155,800 plus 37% of the excess of such amount over \$500,000.
Over \$750,000 but not over \$1,000,000 .....	\$248,300 plus 39% of the excess of such amount over \$750,000.
Over \$1,000,000 but not over \$1,250,000 .....	\$345,800 plus 41% of the excess of such amount over \$1,000,000.
Over \$1,250,000 but not over \$1,500,000 .....	\$448,300 plus 43% of the excess of such amount over \$1,250,000.
Over \$1,500,000 but not over \$2,000,000 .....	\$555,800 plus 45% of the excess of such amount over \$1,500,000.
Over \$2,000,000 but not over \$2,500,000 .....	\$780,800 plus 49% of the excess of such amount over \$2,000,000.
Over \$2,500,000 but not over \$3,000,000 .....	\$1,025,800 plus 53% of the excess of such amount over \$2,500,000.
Over \$3,000,000 .....	\$1,290,800 plus 55% of the excess of such amount over \$3,000,000.

\* Based on rates effective 1/1/2011. A 5.0% surcharge is applied on that portion of a taxable estate exceeding \$10,000,000 but not over \$17,184,000.

# Estate Rate Adjustments - Input Screen

Select the following:



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Categories:

Active Case: Samples, Estate

### Estate Rate Adjustments

**\*\* No Input Required \*\***

Estate Rate Adjustments | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Estate Rate Adjustments\*

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Year	Gift Tax Exemption	Transfer Exemption	Highest Tax Rate
2001	\$675,000	\$675,000	55%
2002	\$1,000,000	\$1,000,000	50%
2003	\$1,000,000	\$1,000,000	49%
2004	\$1,000,000	\$1,500,000	48%
2005	\$1,000,000	\$1,500,000	47%
2006	\$1,000,000	\$2,000,000	46%
2007	\$1,000,000	\$2,000,000	45%
2008	\$1,000,000	\$2,000,000	45%
2009	\$1,000,000	\$3,500,000	45%
2010	\$1,000,000	N/A	N/A
2011	\$1,000,000	\$1,000,000	55%

*\* Effective when the estate tax is repealed 2010, beneficiaries will no longer enjoy a step-up in basis to fair-market value for inherited property.*

**Please consult with your legal or tax advisor for specific advice.**

# Benefits of Annual Gifting - Input Screen

Select the following:



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File Edit Help

**Klark Proposal Software** Active Case: Samples, Estate  
I N C

Categories

Estate

### Benefits of Annual Gifting

Projected estate growth rate	<input type="text" value="4.0"/>
Donor's estate tax rate	<input type="text" value="45.0"/>
Annual gift amount	<input type="text" value="\$11,000"/>
Years gift made	<input type="text" value="28"/>
Recipient's investment ROR (net)	<input type="text" value="6.0"/>
Initial insurance	<input type="text" value="\$1,000,000"/>
Life expectancy (years remaining)	<input type="text" value="28"/>
Insurance at life expectancy	<input type="text" value="\$1,000,000"/>
Print "Overview"	<input type="button" value="Yes"/>

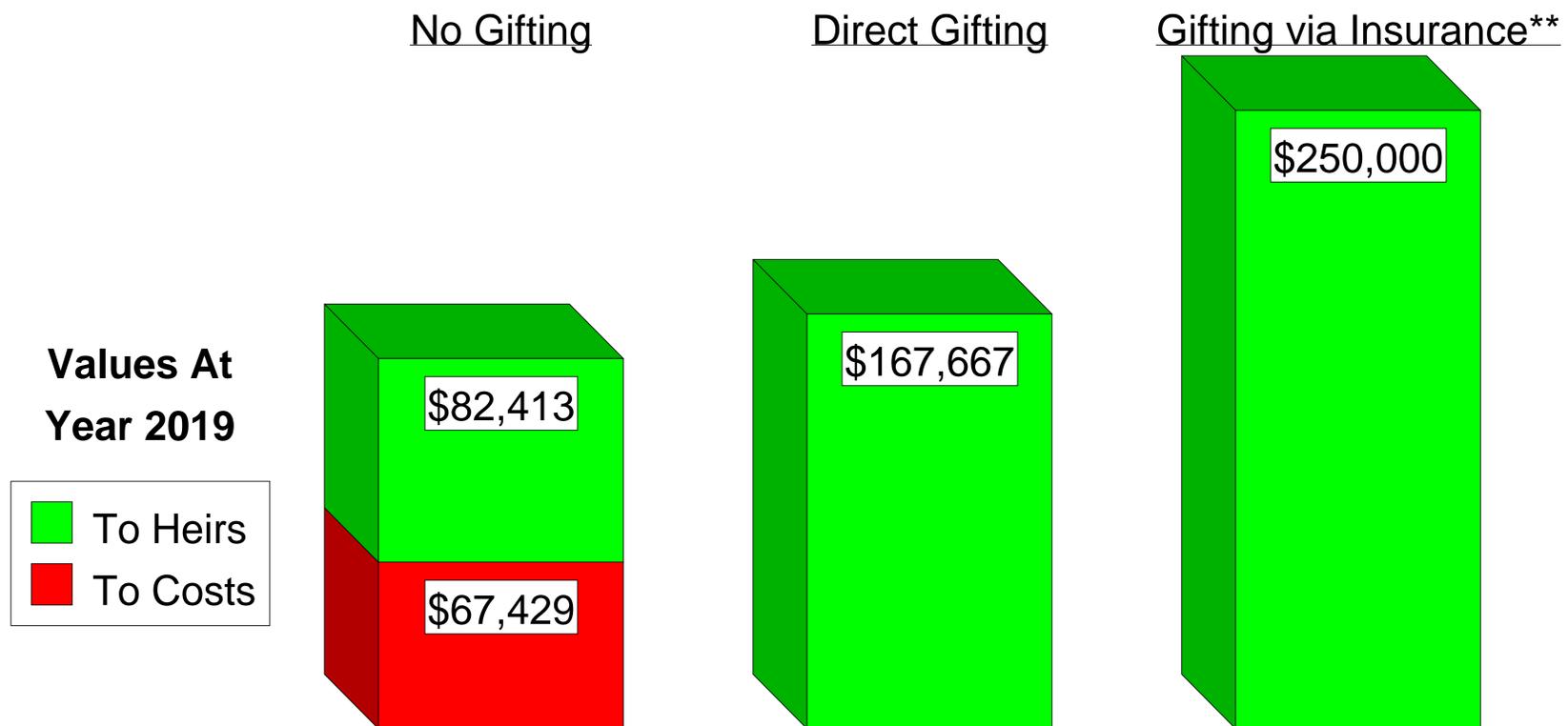
Benefits of Annual Gifting Help - F1    Configure - F2    Preview - F8    Print - F9

# Benefits of Annual Gifting\*

Prepared by YOUR NAME HERE

Why use your Annual Gift Tax Exclusion ? First, from a tax perspective, you remove the asset and its future appreciation from your estate. Secondly, you significantly increase the total value received by your heirs.

Donor's estate tax rate:	45.0%	Projected estate growth rate:	4.0%
Annual gift amount:	\$12,000	Years gifts made:	10
Recipient's investment ROR (net):	6.0%	Life expectancy (years remaining):	10
Initial insurance**:	\$250,000	Insurance at life expectancy**:	\$250,000



To gift \$12,000 for 10 years, assuming a 4.0% growth rate, you need \$101,224 in present estate assets. Left in your estate, \$101,224 would grow to \$149,842 of which \$82,413 would go to your heirs and \$67,429 to estate taxes.

The estate taxes shown above can be eliminated through proper gifting. Direct gifting for 10 years, assuming a 6.0% net ROR, would result in your heirs receiving \$167,667. Gifting via life insurance\*\* would provide \$250,000 to your heirs.

\* Current law calls for the elimination of estate taxes in 2010. The estate tax is to be reinstated in 2011 along with a reduction in the estate tax applicable exclusion amount and a scheduled increase in the top estate tax rate. During the period that the estate tax is repealed, the gift tax rate will be the highest marginal income tax rate for that year, currently scheduled to be 35% in 2010.

\*\* Assumes the life insurance contract is properly owned. See accompanying illustration for details.

**Please consult with your legal or tax advisor for specific advice.**

# Benefits of Annual Gifting\*

Prepared by YOUR NAME HERE

## Amount to Heirs: Year 2019

No Gifting: \$82,413

Direct Gifting: \$167,667

Gifting via Insurance\*\*: \$250,000

Year	Donor: Year End Value (No Gifting)	Annual Gift to Recipient	Recipient: Year End Value	Donor's Year End Value (Gifting)	Recipient: Life Insurance Proceeds**
2010	\$105,273	\$12,000	\$12,721	\$92,793	\$250,000
2011	\$109,484	\$12,000	\$26,205	\$84,025	See ledger
2012	\$113,864	\$12,000	\$40,498	\$74,907	See ledger
2013	\$118,419	\$12,000	\$55,648	\$65,424	See ledger
2014	\$123,156	\$12,000	\$71,707	\$55,561	See ledger
2015	\$128,083	\$12,000	\$88,730	\$45,304	See ledger
2016	\$133,207	\$12,000	\$106,774	\$34,637	See ledger
2017	\$138,536	\$12,000	\$125,901	\$23,543	See ledger
2018	\$144,078	\$12,000	\$146,176	\$12,005	See ledger
2019	\$149,842	\$12,000	\$167,667	\$6	\$250,000

\* Current law calls for the elimination of estate taxes in 2010. The estate tax is to be reinstated in 2011 along with a reduction in the estate tax applicable exclusion amount and a scheduled increase in the top estate tax rate. During the period that the estate tax is repealed, the gift tax rate will be the highest marginal income tax rate for that year, currently scheduled to be 35% in 2010.

\*\* Assumes the life insurance contract is properly owned. See accompanying illustration for details.

**Please consult with your legal or tax advisor for specific advice.**

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# Gift Tax Overview\*

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Prepared by YOUR NAME HERE

Gift taxes apply to the transfer of assets when you, the donor, do not expect to receive anything of equal value in return. The general rule is that any gift is taxable; however there are exceptions. Listed below are four gifts usually considered to be nontaxable and immediately removed from your taxable estate:

Annual Gift Tax Exclusion: You may make a yearly, tax free gift to any individual of your choice, up to a specified amount. Gifts above the yearly limit are either taxed or applied towards your Lifetime Gift Tax Exemption. The Annual Gift Tax Exclusion limit for year 2009 is \$13,000.

Educational & Medical Exclusions: You may pay tuition or medical expenses for someone else as long as the payment is made directly, by you, to the institution involved.

Qualified Charities: Unlimited gifts. Deduction limits may apply when donations exceed a certain percentage of your adjusted gross income.

Gifts to Your Spouse: Unlimited.

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Lifetime Gift Tax Exemption: Under current tax law, you may make one time gifts totaling no more than \$1,000,000 during your lifetime. However, a gift using this exemption is not automatically excluded from your taxable estate. Your death within three years of making the gift may lead to its value being included in your taxable estate.

\* Current law calls for the elimination of estate taxes in 2010. The estate tax is to be reinstated in 2011 along with a reduction in the estate tax applicable exclusion amount and a scheduled increase in the top estate tax rate. During the period that the estate tax is repealed, the gift tax rate will be the highest marginal income tax rate for that year, currently scheduled to be 35% in 2010.

**Please consult with your legal or tax advisor for specific advice.**

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