

- The purpose of this analysis is to show settlement costs and totals to beneficiaries through three different disposition strategies for Romeo and Juliet. The three strategies included are:
 1. Romeo leaves everything to Juliet, with no additional planning
 2. Romeo leaves nothing to Juliet, with no additional planning
 3. Both spouses included some level of planning
- The Analysis Date used for this report is 12/1/2021. This date is required to be on or before Romeo's death. This date is used for several calculations, including growth and verification of the 3 year rule for including insurance placed in a trust.
- For this analysis, Romeo's date of death is 12/1/2022 and Juliet's date of death is 12/11/2028.
- The global growth rate used for the analysis is 1.0%.
- For calculations with future years, the assumed inflation rate for the Federal Exclusion is 0.0%. For calculations beyond 2025, its also assumed that the Federal Exclusion does sunset.
- In addition to Federal Estate taxes, some states impose their own taxes in the form of either inheritance tax or state estate tax (decoupled).
- Inheritance Tax States: If the domicile used in the calculation for either the first estate or second estate is a state that collects inheritance taxes, then an inheritance tax will be shown. Note, each state that poses such a tax will likely have different beneficiary recipient classes to choose from, and you should select the appropriate one. Currently, these states impose inheritance taxes: IA, KY, MD, NE, NJ, and PA.
- Some decoupled states also have an election which will treat a Qualified Terminable Interest Property (QTIP) for the purpose of the state estate tax differently than the election made for federal estate tax purposes. In the diagnostics reports, such states will be identified and that report will illustrate how the QTIP is set up at first estate, and the impact of the QTIP on the second estate. Currently, the following states do have such an election: CT, IL, MA, MD, ME, MN, OR, RI, and WA.
- Romeo's domicile at time of death is CT and Juliet's domicile at time of death is CT.
- Current law allows for portability of the deceased spouse's unused exclusion (DSUE) to be used at the time of the second estate. This model has a feature where you can toggle if you want the second estate to utilize the DSUE from the first estate. For this analysis assumes that the DSUE portability is used.
- Prior Taxable Gifts: Romeo made total Prior Taxable Gifts in the amount of \$100,000, and the maximum Unified Credit was used (\$23,800). The maximum federal estate tax exclusion allowable for Romeo's death is \$12,060,000. Juliet made total Prior Taxable Gifts in the amount of \$500,000, and the maximum Unified Credit was used (\$155,800). The maximum federal estate tax exclusion allowable for Juliet's death is \$6,030,000.
- Due to the scope of this analysis, Required Minimum Distributions are not calculated. If you wish to show such an estimation based on withdrawals, its suggested to turn off the Global Rate option, and enter a negative growth rate for the Retirement Assets.

- Romeo and Juliet's estates include the following assets and liabilities.

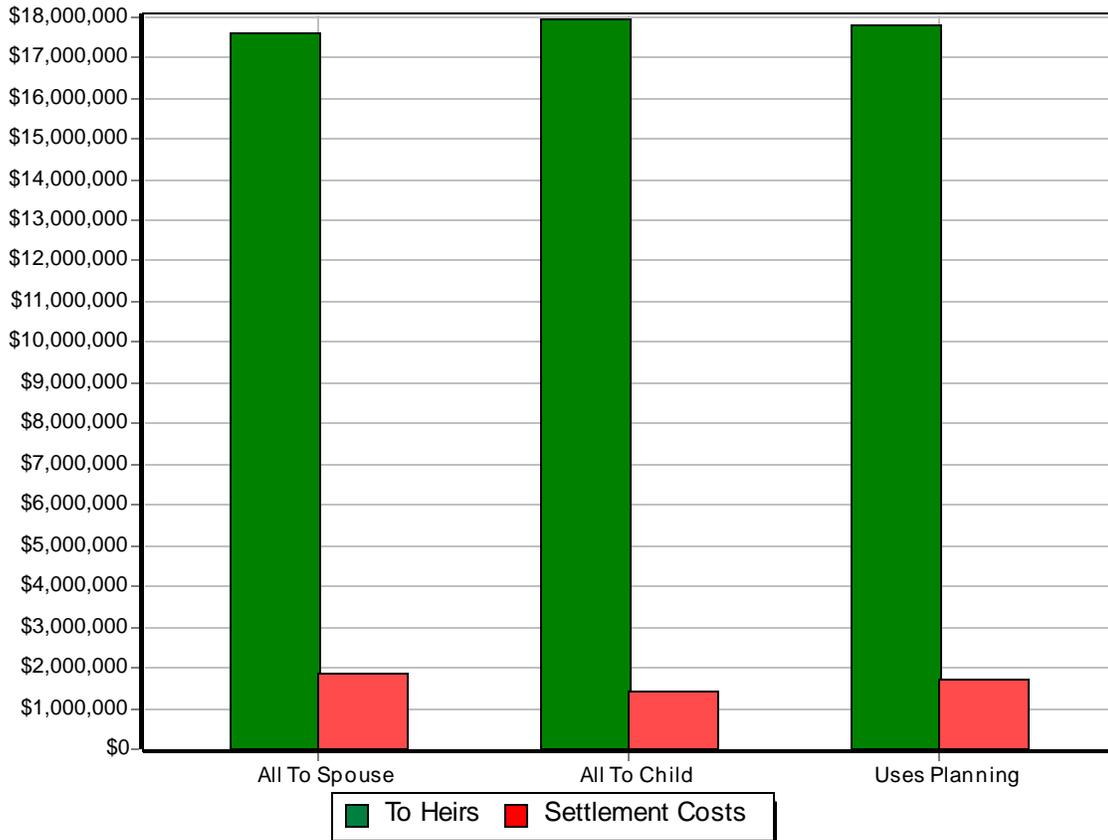
Romeo's Estate	Growth Rate	Analysis Date (12/1/2021)	First Death (12/1/2022)	Second Death (12/11/2028)
IRA:	1.0%	\$100,000	\$100,998	\$107,241
401(k):	1.0%	\$300,000	\$302,994	\$321,723
Roth IRA:	1.0%	\$200,000	\$201,996	\$214,483
Outside State Property:	1.0%	\$0	\$0	\$0
Other Assets:	1.0%	\$13,000,000	\$13,129,742	\$13,941,374
Nontaxable Assets:	1.0%	\$375,000	\$378,742	\$402,154
Liabilities:	1.0%	\$0	\$0	\$0
(EOY)				
Juliet's Estate (12/31/2022)				
IRA:	1.0%	\$15,000	\$15,162	\$16,087
401(k):	1.0%	\$35,000	\$35,379	\$37,535
Roth IRA:	1.0%	\$25,000	\$25,271	\$26,811
Outside State Property:	1.0%	\$0	\$0	\$0
Other Assets:	1.0%	\$2,500,000	\$2,527,076	\$2,681,086
Nontaxable Assets:	1.0%	\$9,632	\$9,736	\$10,328
Liabilities:	1.0%	\$0	\$0	\$0
(EOY)				
Joint Assets (12/31/2022)				
Outside State Property:	1.0%	\$0	\$0	\$0
Other Assets:	1.0%	\$90,000	\$90,898	\$96,438
Nontaxable Assets:	1.0%	\$23,666	\$23,902	\$25,358
Liabilities:	1.0%	\$0	\$0	\$0

- CT(first death) does not recognize community property laws, so joint assets will not be dividable at first death, and will be assumed to be in the second estate only. Joint Liabilities are paid at time of the second to die.
- Insurance "owned": If either spouse owns an insurance policy, for which they have the right to name a beneficiary, that insurance is included in their estate. If Romeo owns such insurance and the beneficiary is the spouse, the death benefit is assumed to pass to Juliet and will be placed into Juliet's Other Assets, or Marital Trust if applicable. If the beneficiary is not the spouse, then the death benefit will pass to the Heirs in the Nonmarital Trust. Romeo owns \$555,555 of insurance, with purchase date of 9/1/2020. Juliet owns \$666,666 of insurance, with purchase date of 9/1/2020. NOTE: Planning allows you to place insurance into an Irrevocable Insurance Trust (ILIT) if the policy was in effect more than 3 years ago.
- Insurance "insured": If either spouse is insured by an insurance policy, these are treated as nontaxable assets and are placed into an ILIT at time of death. Romeo is insured for \$99,999. Juliet is insured for \$88,888. The second to die (Joint) insured amount is \$111,111.
- Nontaxable Assets: If either spouse owns nontaxable assets, they are removed from the taxable estate analysis. They will appear in the box going to beneficiaries.
- Remaining assets could be forced into probate, where the probate fee for Romeo is 1.0% and Juliet is 1.0% Assets included in the probate are Other Assets and Out of State Property. If Romeo dies in a state with community property laws, then those assets (joint) will also be included in the amount to probate (1/2)

- Romeo will only have availability to their owned assets to pay for liabilities, probate, estate taxes, etc. However, planning involving the Annual Gift Exclusion will use joint assets if necessary. Additionally, after Romeo's death, if assets are left to Juliet, they will be able to use the assets from Romeo. The liquidation order for all expenses, including Annual Gifts, is:
 1. Other Assets
 2. Outside of State Assets
 3. Roth IRA
 4. IRA
 5. 401(k)
 6. Nontaxable Assets
- Romeo's projected death date is 12/1/2022. The federal estate tax exclusion allowable for this date is \$12,060,000. Juliet's projected death date is 12/11/2028. The federal estate tax exclusion allowable for this date is \$6,030,000.
- If Romeo has liabilities to be paid at time of death, the available assets will be liquidated in order to satisfy the liability. The total amount passing to any entity from the first estate will be net of liability, probate, and state or federal estate taxes. If there is a shortfall created by not satisfying a liability, it will be noted on the flowchart and the liability will be paid at time of Romeo's death.
- Assets placed into the Nonmarital Trust will be excluded from the estate tax calculations. In addition, the trust will have an appreciation rate of 1.0%
- Assets placed into the Irrevocable Life Insurance Trust will be excluded from the estate tax calculations. In addition, the trust will have an appreciation rate of 1.0%
- Assets placed into the Marital Trust will have will have an appreciation rate of 1.0%

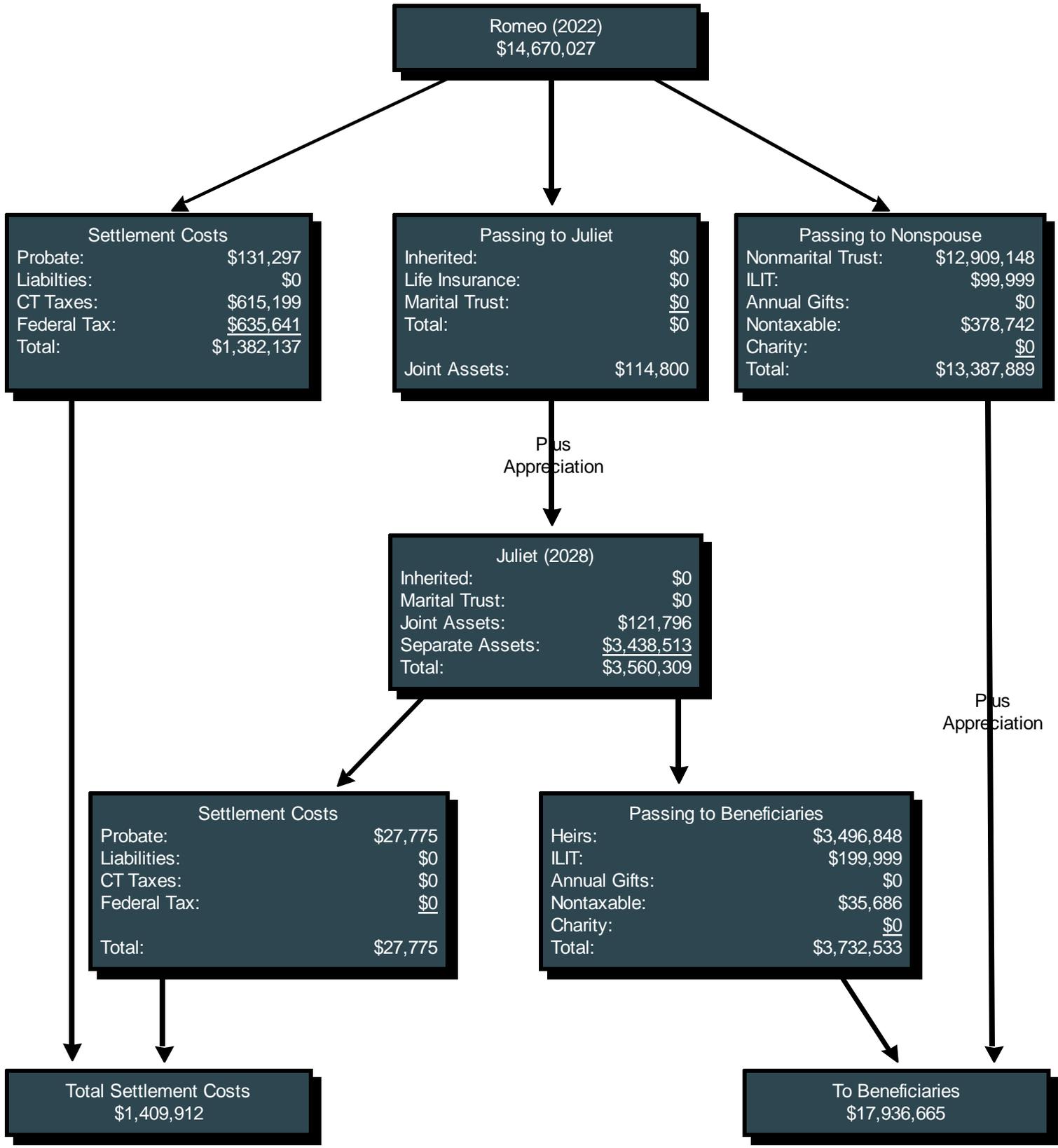
Combined Estates With Appreciation	Romeo Leaves Everything to Juliet	Romeo Leaves Nothing to Juliet	Romeo and Juliet Use Planning
To Heirs:	\$16,836,046	\$3,496,848	\$15,719,567
Nonmarital Trust:	\$0	\$13,695,885	\$0
ILIT:	\$306,092	\$306,092	\$306,092
Nontaxable Assets:	\$437,840	\$437,840	\$437,840
To Charity:	\$0	\$0	\$900,000
Annual Gift Accumulation*:	\$0	\$0	\$435,301
Total Settlement Costs:	\$1,855,180	\$1,409,912	\$1,698,996
Total Beneficiary Proceeds:	\$17,579,978	\$17,936,665	\$17,798,800

*Annual exclusion gifting assumes that the gifts grow outside of the analysis at 1.00%.



	Romeo Leaves Everything to Juliet	Romeo Leaves Nothing to Juliet	Romeo and Juliet Use Planning
Romeo's Death			
Gross Estate:	\$14,670,027	\$14,670,027	\$14,648,744
Inherited by Juliet:	\$13,983,175	\$0	\$13,962,104
Life Insurance to Juliet:	\$555,555	\$0	\$555,555
To Marital Trust:	\$0	\$0	\$0
To Nonmarital Trust:	\$0	\$12,909,148	\$0
Available Fed Exclusion:	\$11,960,000	\$11,960,000	\$11,960,000
CT Available Exclusion:	\$9,100,000	\$9,100,000	\$9,100,000
Probate Expense:	\$131,297	\$131,297	\$131,085
CT State Taxes:	\$0	\$615,199	\$0
Federal Taxes:	\$0	\$635,641	\$0
Settlement Costs:	\$131,297	\$1,382,137	\$131,085
Juliet's Death			
Gross Estate:	\$18,997,769	\$3,560,309	\$18,625,318
Available Federal Exclusion:	\$5,530,000	\$5,530,000	\$5,530,000
Federal DSUE:	\$11,960,000	\$0	\$11,960,000
CT Available Exclusion:	\$6,030,000	\$6,030,000	\$6,030,000
Probate Expense:	\$182,150	\$27,775	\$178,425
CT State Taxes:	\$1,541,733	\$0	\$1,389,486
Federal Taxes:	\$0	\$0	\$0
Settlement Costs:	\$1,723,883	\$27,775	\$1,567,911
Charity:	\$0	\$0	\$900,000

This is a hypothetical illustration based on the assumptions you made, and is to be used as a guide only, in order to help you understand what your planning needs may be. This illustration should be considered together with all other information you deem important in making your investment decisions. This is not an illustration or guarantee of the performance of any specific investment. Actual performance from your investments may vary. This illustration is not legal or tax advice. You should consult with your own attorney and/or accountant to review this information and determine its appropriateness with respect to your particular situation. The provider of this illustration provides no guarantee and assumes no responsibility or liability for the accuracy of the information provided (including whether the interest rate you have selected is in fact "reasonable"), or for your reliance or decisions based on this information.



Settlement Costs	
Probate:	\$131,297
Liabilities:	\$0
CT Taxes:	\$615,199
Federal Tax:	\$635,641
Total:	\$1,382,137

Passing to Juliet	
Inherited:	\$0
Life Insurance:	\$0
Marital Trust:	\$0
Total:	\$0
Joint Assets:	\$114,800

Passing to Nonspouse	
Nonmarital Trust:	\$12,909,148
ILIT:	\$99,999
Annual Gifts:	\$0
Nontaxable:	\$378,742
Charity:	\$0
Total:	\$13,387,889

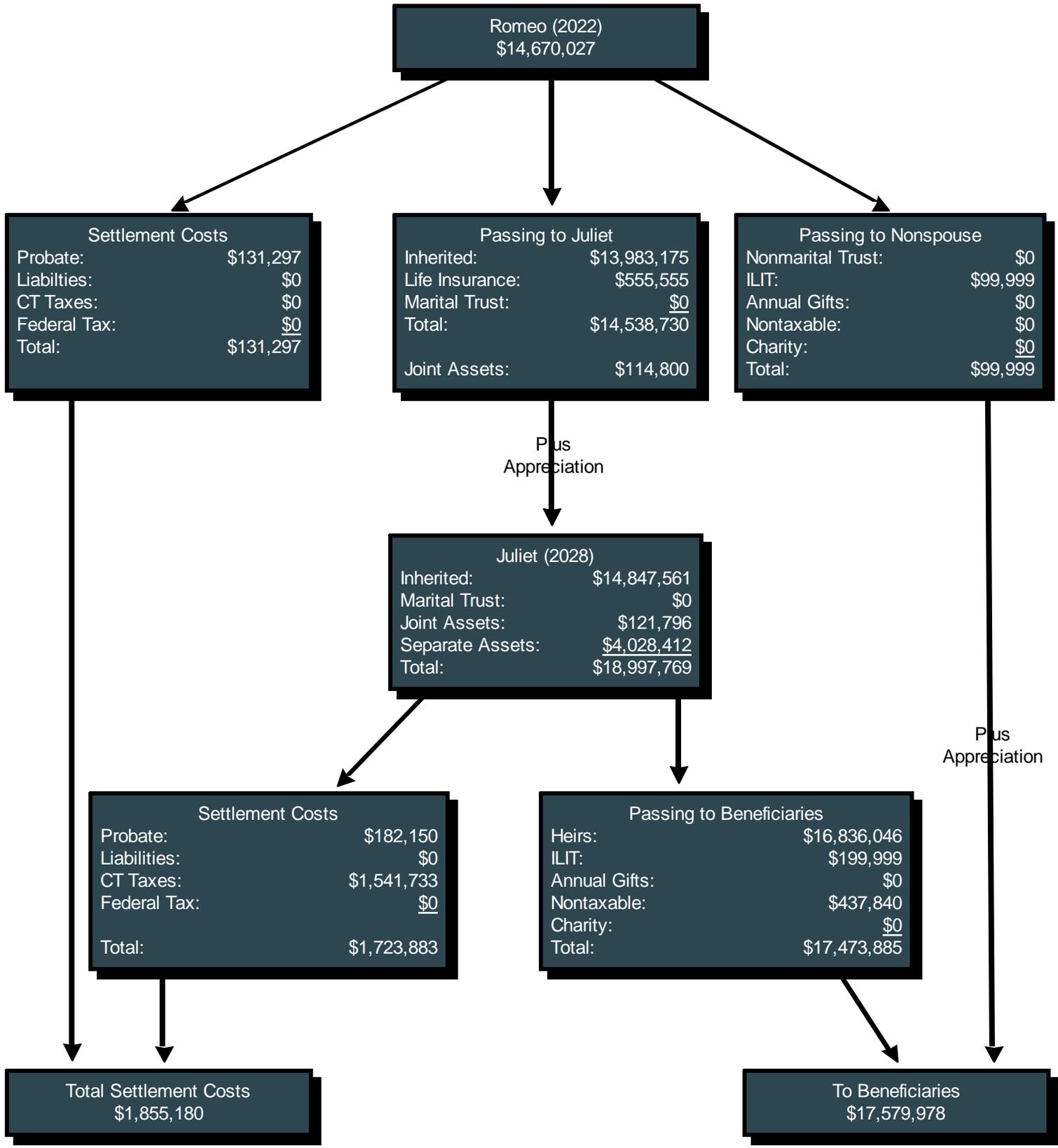
Juliet (2028)	
Inherited:	\$0
Marital Trust:	\$0
Joint Assets:	\$121,796
Separate Assets:	\$3,438,513
Total:	\$3,560,309

Settlement Costs	
Probate:	\$27,775
Liabilities:	\$0
CT Taxes:	\$0
Federal Tax:	\$0
Total:	\$27,775

Passing to Beneficiaries	
Heirs:	\$3,496,848
ILIT:	\$199,999
Annual Gifts:	\$0
Nontaxable:	\$35,686
Charity:	\$0
Total:	\$3,732,533

Total Settlement Costs	
\$1,409,912	

To Beneficiaries	
\$17,936,665	



Romeo (2022)
\$14,670,027

Settlement Costs
 Probate: \$131,297
 Liabilities: \$0
 CT Taxes: \$0
 Federal Tax: \$0
 Total: \$131,297

Passing to Juliet
 Inherited: \$13,983,175
 Life Insurance: \$555,555
 Marital Trust: \$0
 Total: \$14,538,730
 Joint Assets: \$114,800

Passing to Nonspouse
 Nonmarital Trust: \$0
 ILIT: \$99,999
 Annual Gifts: \$0
 Nontaxable: \$0
 Charity: \$0
 Total: \$99,999

Plus
Appreciation

Juliet (2028)
 Inherited: \$14,847,561
 Marital Trust: \$0
 Joint Assets: \$121,796
 Separate Assets: \$4,028,412
 Total: \$18,997,769

Settlement Costs
 Probate: \$182,150
 Liabilities: \$0
 CT Taxes: \$1,541,733
 Federal Tax: \$0
 Total: \$1,723,883

Passing to Beneficiaries
 Heirs: \$16,836,046
 ILIT: \$199,999
 Annual Gifts: \$0
 Nontaxable: \$437,840
 Charity: \$0
 Total: \$17,473,885

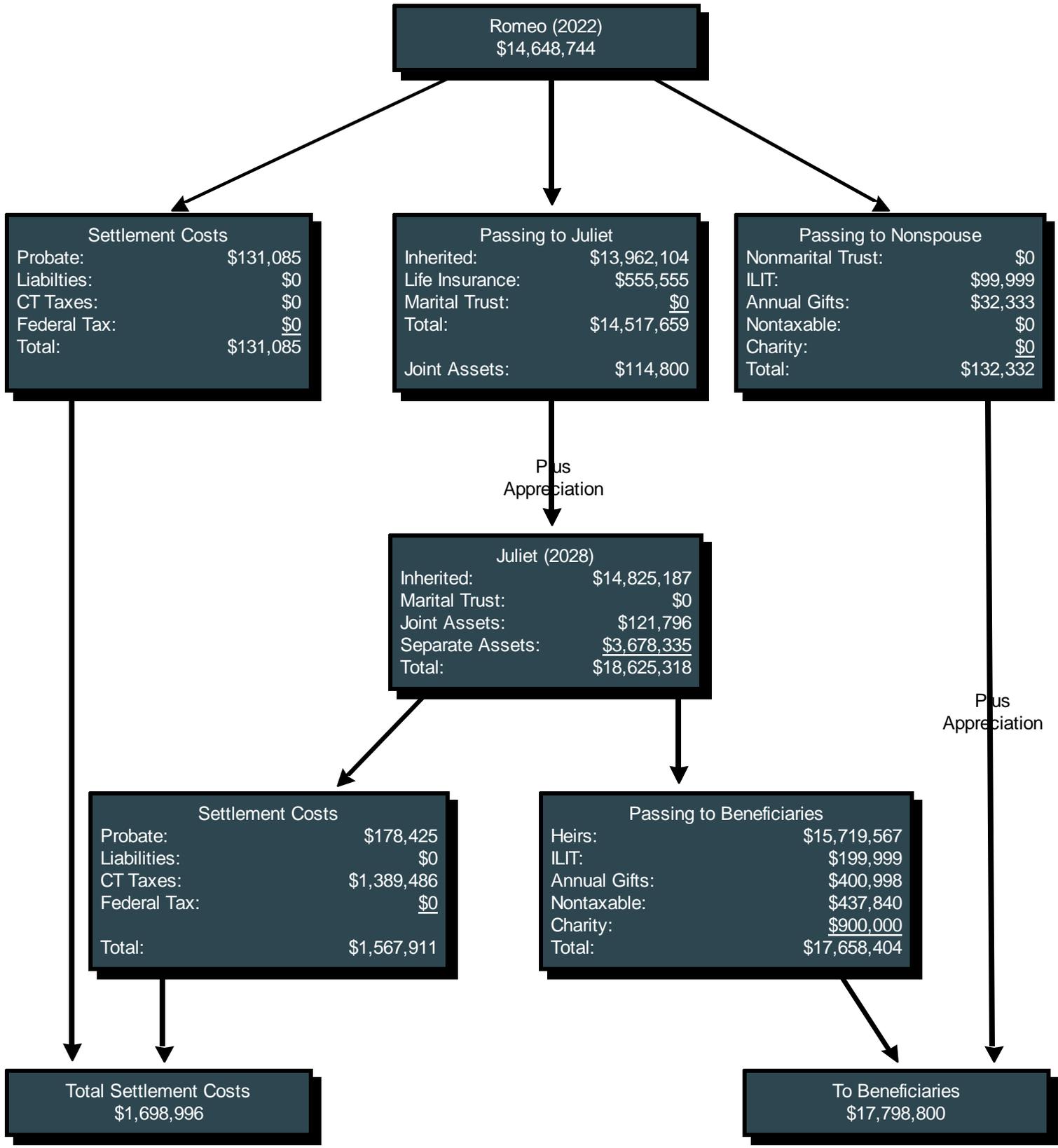
Plus
Appreciation

Total Settlement Costs
\$1,855,180

To Beneficiaries
\$17,579,978

- The basis of this plan assumes that all assets from Romeo's estate are passed to Juliet. Both spouses can take advantage of planning to minimize the collective settlement costs. Several basic planning strategies are available in this plan.
- Planning Option: Life Insurance Trust - The life insurance owned by both spouses could qualify to be placed into the ILIT. Insurance has to be purchased more than 3 years prior to the death. However, this option was not selected to be used in this analysis.
- Planning Option: Marital Trust - Assets from Romeo's estate that are not assigned to the Nonmarital Trust, are placed into a Marital QTIP Trust. This allows Romeo to control the ultimate disposition of the trust principal upon the death of Juliet. At time of Juliet's death, the interest in the trust would terminate and the remaining trust principal must pass to the remainder interest beneficiaries designated by Romeo. Juliet will receive all trust income each year and is the only person who may be allowed to deplete trust principal during Juliet's lifetime. There are no projected federal or estate tax savings via the Marital QTIP trust, however, some probate expense savings at time of first death may be realized. However, this option was not selected to be used in this analysis.
- Planning Option: Charitable Bequests at Second Death - The \$900,000 bequest will reduce the taxable estate.
- Planning Option: Annual Exclusion Gifting - This option will allow maximum allowed annual gifts to be made based on the number of donees. The gifts start in the first year of the analysis and extend through the year of death. Each spouse can participate or not. For this analysis, the option for Romeo is used, with 1 donee(s). The option for Juliet is used, with 3 donee(s). These gifts will not impact the federal estate exclusion amount and the proceeds from the gifts will accumulate in a portfolio account outside of the estate. The appreciation rate used to track the benefit is 1.0%.
- Planning Option: Nonmarital Trust - several options are available (option 3 selected).
 1. Nonmarital Trust equal to the remaining federal exclusion for Romeo. This will result in no federal estate taxes at time of first death, but could trigger state estate taxes, or inheritance taxes due at time of first death. Romeo's remaining assets would pass to Juliet, unless they are designated to go to the Marital QTIP, or ILIT. Special rules apply for decoupled states where the QTIP election is different than the federal election.
 2. Nonmarital Trust equal to a decoupled state's exclusion amount. This will force no federal or state estate tax to be calculated at first death, but could still result in inheritance taxes. This analysis assumes that the portability of the Deceased Spousal Unused Exclusion (DSUE) is applicable. If the amount of Nonmarital Trust is less than the remaining exclusion, then the remaining portion will be used as the Deceased Spousal Unused Exclusion (DSUE) for the second estate. The amount of DSUE from first estate is \$11,960,000.
 3. Designate beneficiaries for Romeo's assets. Assets can have the following beneficiary types: a) Spouse - If assets are left to the spouse, they would pass along to Juliet unless they are designated to go to the Marital QTIP, or ILIT. b) NonMarital Trust (Heirs) - Assets designated for the Nonmarital Trust, will place these asset values into the Nonmarital Trust and estate tax calculations at first death will be performed to determine taxes owed at first death. If there is remaining DSUE available, and portability is used, this will pass to Juliet's estate calculation. c) Charity - Assets left to charity are removed from the estate analysis.
 4. Do not set up a Nonmarital Trust.

Romeo's Estate	Beneficiary Named
IRA:	Spouse
401(k):	Spouse
Roth IRA:	Spouse
Out of State:	Spouse
Other Assets:	Spouse
Nontaxable Assets:	Spouse
Insurance Proceeds:	Spouse



Settlement Costs	
Probate:	\$131,085
Liabilities:	\$0
CT Taxes:	\$0
Federal Tax:	\$0
Total:	\$131,085

Passing to Juliet	
Inherited:	\$13,962,104
Life Insurance:	\$555,555
Marital Trust:	\$0
Total:	\$14,517,659
Joint Assets:	\$114,800

Passing to Nonspouse	
Nonmarital Trust:	\$0
ILIT:	\$99,999
Annual Gifts:	\$32,333
Nontaxable:	\$0
Charity:	\$0
Total:	\$132,332

Juliet (2028)	
Inherited:	\$14,825,187
Marital Trust:	\$0
Joint Assets:	\$121,796
Separate Assets:	\$3,678,335
Total:	\$18,625,318

Settlement Costs	
Probate:	\$178,425
Liabilities:	\$0
CT Taxes:	\$1,389,486
Federal Tax:	\$0
Total:	\$1,567,911

Passing to Beneficiaries	
Heirs:	\$15,719,567
ILIT:	\$199,999
Annual Gifts:	\$400,998
Nontaxable:	\$437,840
Charity:	\$900,000
Total:	\$17,658,404

Total Settlement Costs	
\$1,698,996	

To Beneficiaries	
\$17,798,800	

FastPlan

The purpose of this analysis is to show settlement costs and totals to beneficiaries through three different dispositive strategies:

- . First to Die leaves everything to Second To Die, with no additional planning
- . First to Die leaves nothing to Second To Die, with no additional planning
- . Both spouses include some level of basic planning.

All of strategies assume that joint assets pass to the surviving spouse, with the exception being community property states. In those states, the joint property is divided between the two estates.

The last strategy, Planning, allows for several basic techniques.