

Joe and Janet Smith

Fall 2011

ESTATE DISPOSITION ANALYSIS (ATLAS)

Investment products: Not FDIC insured • No bank guarantee • May lose value

Please see important information at the end of this presentation.

J.P.Morgan ATLAS (Analysis of Tax, Liquidity and Structures) is a proprietary tool that summarizes estate flows, mapped to current balance sheet.

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Smith Family Balance Sheet¹	Mr. Joe Smith	Mrs. Janet Smith	Joint	Joe Smith 2009 Trust as Amended & Restated	Mrs. Janet Smith's Revocable Trust	2002 Smith Family Trust	Daughter #1 2006 Trust dated March 30, 2006	Joe Smith 2002 Trust dated November 5, 2002	Total
Investable Assets									
Cash	243,244	359,027	433,877	640,728		28,666	59,626	54,995	1,820,162
Marketable Securities	8,777,173	5,943,833	4,298,042	5,453,656		232,654	2,006,098	412,342	27,123,798
Hedge Fund Investment ²	175,000								175,000
Private Equity / Venture Capital ³	1,415,000								1,415,000
Investment Real Estate			109,339						109,339
Smith Partners ⁴	5,000,000								5,000,000
Total Investable Assets	15,610,417	6,302,860	4,841,258	6,094,384	-	261,320	2,065,723	467,336	35,643,298
Personal Assets⁵									
Tangible Property			500,000						500,000
Personal Real Estate (NYC Apt)			5,000,000						5,000,000
Total Personal Assets	-	-	5,500,000	-	-	-	-	-	5,500,000
Retirement Accounts									
Traditional IRA	654,434	34,599							689,033
Rollover IRA	761,799	-							761,799
Total Retirement Assets	1,416,233	34,599	-	-	-	-	-	-	1,450,832
Placeholder for Death Benefit of Life Insurance									
	-	-	-	-	-	-	-	-	-
Total Assets	17,026,650	6,337,459	10,341,258	6,094,384	-	261,320	2,065,723	467,336	42,594,130
Liabilities									
Home Mortgage			408,777						408,777
Other ⁶	1,000,000		-						1,000,000
Total Liabilities	1,000,000	-	408,777	-	-	-	-	-	1,408,777
Total Net Worth	16,026,650	6,337,459	9,932,481	6,094,384	-	261,320	2,065,723	467,336	41,185,354

¹J.P. Morgan asset values are as of August 31, 2011. Outside assets are as of April 2011 except Daughter #1 2006 Trust and Joe Smith 2002 Trust which are as of June 2011. Statements provided by Joe Smith.

²Hedge Fund investment represents \$175K in Technology Fund 1.

³Private Equity / Venture Capital includes private equity investment of \$125K in Fund A; includes \$500K investment in Fund B, \$250K investment in Fund C, \$250K in Fund D and \$290K investment in Fund E.

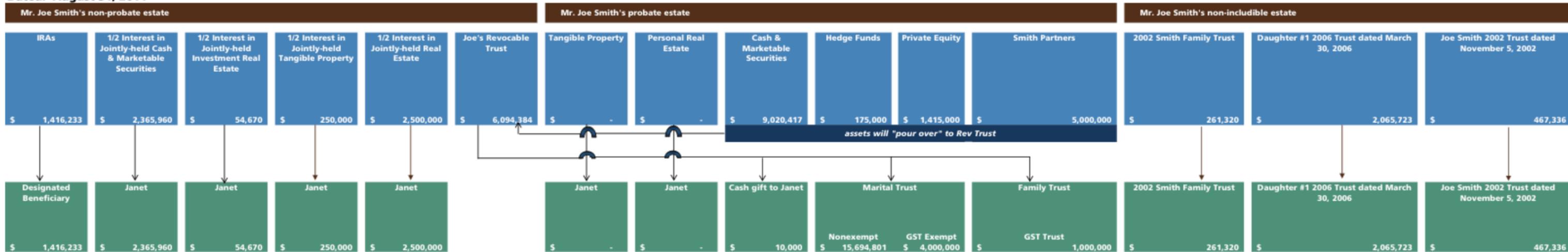
⁴\$5MM in Smith Partners as estimated by Joe Smith.

⁵We have assumed that tangible property and real estate are jointly-held. Tangible property includes \$250K in artwork and \$250K in jewelry.

⁶Other liability represents \$1MM drawn on J.P. Morgan advised line of credit.

Estimated Estate Disposition for Joe Smith (with Janet Smith surviving) under 2003 Will and Revocable Trust as Amended & Restated*

Executor: Janet Smith
 Successor executor: Stan Williams
 Dated: August 31, 2011



Note:
 Jointly-held property will pass to the survivor upon operation of law at the first death.

Note:
 Joe's Will directs that his tangible property and real property goes to Janet, however, our understanding is that the property is jointly-held and will pass to her upon operation of law.

Note:
 • Janet and Ken Young (if he is NOT over 75) are Trustees. Stan Williams is successor to Joe. There are detailed successor Trustee provisions.
 • Trustees shall pay to Janet at least annually all income and may pay her principal from the nonexempt Marital Trust as disinterested Trustee determines.
 • Janet has a testamentary power to appoint the nonexempt Marital Trust among Joe's issue.

Note:
 • Same Trustees as Marital Trust.
 • We have shown Janet as disclaiming the amount of the NY exemption. Any disclaimed amount would be held in a Family Trust. We have shown GST allocation as being made to this trust.
 • During life of Janet, at any time when she is acting as Trustee, Trustees shall pay Janet income and/or principal as disinterested Trustee determines, pay to each of Settlor's issue income and/or principal as wife, solely in her fiduciary capacity, determines to be necessary for HEMS of issue, and accumulate income not paid.
 • When Janet is NOT acting as Trustee, Trustees shall pay among Janet and Settlor's issue as DT determines income and/or principal and accumulate income not paid.

Note:
 • Irrevocable; NY law.
 • Joe and Janet are Grantors. Ken Young is Trustee. Randy Luck is successor. Each individual Trustee may designate one or more successor Trustees (other than the Grantors). Any sole Trustee may designate a co-Trustee.
 • During lifetime of Grantors, or survivor of them, Trustee may pay income or principal, equal or unequal, as Trustee (other than any beneficiary of trust) may determine among Grantors' descendants living from time to time. Income not paid is added to principal at least annually.
 • Descendants have withdrawal rights, not to exceed \$10,000, over additions to the trust. Person making the addition may modify withdrawal rights.
 • Trusts may be divided for GST purposes.

Note:
 • Irrevocable; NY law.
 • Joe is Settlor. Ken Young is Trustee. Stan Williams is successor Trustee. Individual Trustee may designate an individual or bank as successor.
 • Trust for benefit of Settlor's daughter, #1.
 • Trustee (1) shall pay to daughter #1 from income amount equal to LESSER of income for such year AND 5% of value of principal as of 1st day of such year, (2) MAY pay her income in excess of the Amount as Trustee determines, and (3) shall accumulate and add to principal income not paid. Trustee may pay to daughter #1 principal as Trustee determines.
 • Upon daughter #1's death, trust goes to her issue who survive her per stirpes, with shares held under continuing trust provisions.
 • All trusts end on 21st anniversary of death of last survivor of Settlor, Janet and all individual among Settlor's issue who were living on date of trust.
 • With respect to NON GST exempt portion, Trustee may grant general POA to beneficiary if would save taxes.
 • Trusts may be divided for GST purposes.

Note:
 • Irrevocable; NY law.
 • Joe is Settlor. Ken Young is Trustee. Stan Williams is successor to Joe. Individual Trustee may designate an individual or bank as his successor.
 • Trust for benefit of Settlor's daughter #1.
 • Until daughter #1 is 65, Trustee may pay her income and/or principal as Trustee determines, and accumulate income not paid.
 • When daughter #1 is 45, 1/5 of trust is payable to her; 1/4 at age 50, 1/3 at 55, 1/2 at 60 and remainder at 65. If daughter #1 dies before 50, trust goes to her issue who survive, per stirpes with shares held in discretionary trust until the issue is 40 with principal payouts at 30 and 35. If issue dies before 40, trust would go to issue per stirpes, with shares held under same trust provisions.
 • With respect to any Child's Trust or Descendant's Trust which is not GST exempt, Trustee may confer upon beneficiary a testamentary general POA.
 • Trusts may be divided for GST

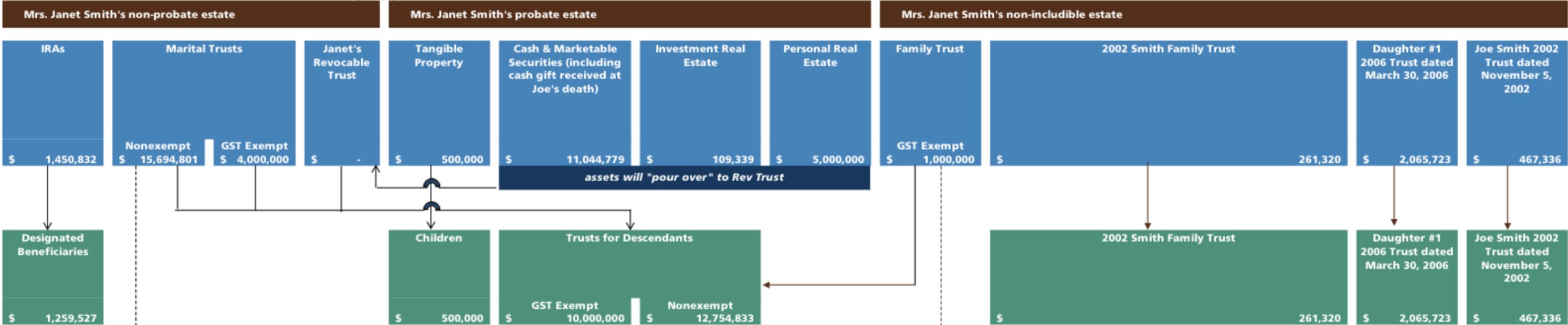
Estimated gross estate:	\$28,291,663
Estimated administration expenses:	\$0
Debts:	(\$1,000,000)
Estimated federal estate taxes:	\$0
Estimated state estate taxes:	\$0
Estimated income taxes:	\$0

***In 2011 and 2012 the federal estate tax is 35%, the federal estate exemption is \$5 million, and the GST exemption is \$5 million. We have assumed that neither Joe nor Janet has used any of his and her exemptions.**

Estimated Estate Disposition for Janet Smith (having survived Joe Smith) under 2003 Will and Revocable Trust as Amended & Restated*

Executor: Stan Williams

Successor executor: Individual Executor may appoint addition or successor Executor



Note:
Upon Janet's death, these trusts would be added to the Trusts for Descendants created under Janet's Revocable Trust.

Note:

- Ken Young (if he is NOT over 75) is Trustee. Stan Williams is successor. Each Descendant if over 21 shall be additional Trustee of his or her trust. Each individual Trustee may designate an individual or bank as successor. There is much elaboration about successor Trustees.
- Trust divided among issue per stirpes and held under provisions of Art SIXTH for the "Descendant." Trust would be divided into GST and nonexempt trusts. Janet directs that gift to Nicole be satisfied in part by Janet's interest in stock of any cooperative apartment in which daughter #1 is residing at Janet's death.
- At any time when Descendant shall NOT be acting as Trustee, Trustees shall pay to Descendant and Descendant's issue as Disinterested Trustee ("DT") determines income and/or principal.
- At any time when Descendant is acting as Trustee, Trustees shall pay to Descendant income and/or principal as DT determines, pay to Descendant's issue income and/or principal as Descendant, solely in his fiduciary capacity as Trustee determines for HEMS of issue, and accumulate income not paid.
- Upon death of Descendant, trust goes as Descendant appoints by Will among Settlor's issue, other than Descendant (though DT may confer upon Descendant a general POA over trust which is nonexempt). In default, would go to Settlor's issue per stirpes to be held under these same provisions.
- All trusts end 21 years after death of last survivor of Settlor, Janet, and all issue living on date of Settlor's death.

Note:
Upon Janet's death, this trust would be added to the GST Trusts created under Janet's Revocable Trust.

Note:

- Irrevocable; NY law.
- Joe and Janet are Grantors. Ken Young is Trustee. Randy Luck is successor. Each individual Trustee may designate one or more successor Trustees (other than the Grantors). Any sole Trustee may designate a co-Trustee.
- Upon death of survivor of Grantors: If daughter #2 is living and has not attained age 35, Trustee shall pay income and/or principal as Trustee determines among Grantors' descendants, of whatever degree and whether or not born during Grantors' lives, as Trustee selects.
- Upon death of daughter #2 or upon her attaining 35, trust goes to Grantors' issue as then living, per stirpes, provided that if Grantors' daughter #1 has not attained age 35 at time of such distribution, property shall be held in trust for her.
- Trust for daughter #1: Trustee shall pay out of income and/or principal, equal or unequal, as Trustee determines to daughter #1's descendants, of whatever degree and whenever born, as Trustee selects. Income not paid is added to principal. (Note: trust does not say whether Nicole may also get payments.)
- Upon daughter #1's death or her attaining 35, trust goes to daughter #1 if living, or if not living, to her issue living per stirpes.
- All trusts end 21 years after death of last survivor of all descendants of Grantors' respective parents living on date of trust.
- No Trustee who is also a beneficiary shall exercise any discretion in own favor to pay income or principal. No payments in discharge of legal obligation.
- Trusts may be divided for GST purposes.

Note:
Please see provisions on previous page.

Estimated gross estate:	\$37,799,751
Est'd administration expenses (1%):	(\$377,998)
Debts:	(\$408,777)
Estimated federal estate taxes:	(\$7,918,435)
Estimated state estate taxes:	(\$5,388,876)
Estimated income taxes:	(\$191,305)

***In 2011 and 2012 the federal estate tax is 35%, the federal estate exemption is \$5 million, and the GST exemption is \$5 million. We have assumed that neither Joe nor Janet has used any of his and her exemptions.**

Smith Estate Liquidity Analysis

Combined Cash requirements of both estates

Administration expenses:	(377,998)
Debts:	(1,408,777)
Estate taxes:	(13,307,312)
Income taxes:	0

Total cash required (15,094,086)

Combined Liquidity available to both estates

Cash:	1,676,876
Marketable securities:	24,472,704

Life insurance: ?

Total cash available 26,149,580

Liquidity surplus/deficit	11,055,494
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Smith Family Wealth Transfer Summary

	Where are you now?	Where are you later? (assuming 35% Federal estate tax rates)
Mr. Joe Smith	\$23,121,034	
Mrs. Janet Smith	\$6,337,459	
Joint	\$10,341,258	
Insurance	?	
2002 Smith Family Trust	\$261,320	\$261,320
Daughter #1 2006 Trust dated March 30, 2006	\$2,065,723	\$2,065,723
Joe Smith 2002 Trust dated November 5, 2002	\$467,336	\$467,336
<i>Children to Receive:</i>		
Retirement Accounts		\$1,259,527
Tangible Property		\$500,000
Trusts for Descendants-GST Exempt		\$10,000,000
Trusts for Descendants-Nonexempt		\$12,754,833
Total Assets	\$42,594,130	\$27,308,740
Debts	(\$1,408,777)	
Administration Expenses		(\$377,998)
Income Taxes		(\$191,305)
Estate Taxes		(\$13,307,312)
Total Liabilities	(\$1,408,777)	(\$13,876,614)
Total	\$41,185,354	\$41,185,354

Important information

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