

**From:** "jeffrey E." <jeevacation@gmail.com>  
**To:** "Barry J. Cohen" <[REDACTED]>  
**Subject:** Re: East 70th Street townhouse purchase  
**Date:** Tue, 01 Jul 2014 22:05:56 +0000

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single life easy, thats the way to go

On Tue, Jul 1, 2014 at 6:03 PM, Barry J. Cohen <[REDACTED]> wrote:

Is it a problem for Debra to pay out of her own funds? Defer to you whether that would have positive or negative estate planning objectives.

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**From:** Ada Clapp [mailto:[REDACTED]]  
**Sent:** Tuesday, July 01, 2014 5:53 PM  
**To:** Barry J. Cohen; John Hannan; Richard Ressler ([REDACTED])  
**Cc:** Halperin, Alan S; Eileen Alexanderson; jeffrey E.  
**Subject:** East 70th Street townhouse purchase

Dear Barry, Richard and John,

As you know, the discretionary trust under the APO1 Agreement (the "Trust") created the NY 70<sup>th</sup> Street LLC (the "LLC") and the LLC intends to enter into a split interest purchase of a residence. Attached for your reference is a Paul Weiss overview of the technique. To assist with the decision as to whether the LLC's remainder interest will vest upon Leon's death or upon the death of the survivor of Leon and Debra, I attach a chart comparing the split interest purchase technique structured with a single life interest and with successive life interests.

You will see that with successive life interests, the LLC's initial contribution would be reduced by about \$4.5 million (assuming a \$48 million purchase price). In exchange for this savings, the LLC may be giving up some flexibility. This is because, assuming Leon dies first, the LLC would not take title to the residence until Debra's death. Accordingly, for the LLC to sell the residence during Debra's lifetime, it would need her consent. There would also be no flexibility to charge Debra rent (so that she could transfer assets to the Trust, gift-tax free) as she would have the right to live in the residence for her lifetime. Of course, these restrictions would also exist in the case of a single life interest—but for a shorter period of time.

Two final points to consider: with successive life interests, an actuary will likely need to be retained to determine the share of the purchase price (and of capital expenditures) to be borne by Leon and Debra as the life interest holders and to allocate that charge between Leon and Debra. Each of Leon and Debra must satisfy his or her proportionate share from independent funds.

Please let me know your preference for moving forward with the split-interest property purchase. Of course, I am happy to answer any questions you may have.

Best regards,

**Ada Clapp**

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