

[C;OEMT NAME]

SSN.

Form 709—United States Gift (and
Generation-Skipping Transfer) Tax Return
Tax Year xxxx

STATEMENT 1

On [DATE], [NAME OF CLIENT] B (the “Donor”) transferred 100% of his interest in and to Account No. [] at [NAM EOF INSTITUTION], to [NAMES OF TRUSTEES], as Trustees of the [NAME OF GRAT] GRAT No. 1 created pursuant to a First Written Direction dated [DATE] (“GRAT No. 1”) under the the [NAME OF GRAT] GRAT Agreement dated [DATE]. Copies of the First Written Direction and said Master Trust (together, the “Trust Instruments”) are annexed as Exhibit A to this Statement.

Under the terms of the Trust Instruments, the Donor retained the right to receive from GRAT No. 1 an annual annuity payment equal to 54.39% of the initial fair market value of the property transferred to GRAT No. 1 for a period of 2 years from the date of the Trustee’s receipt of such property. The annuity payments are payable to the Donor (or if he is not then living, to the Donor’s estate) until the second anniversary of the funding of GRAT No.1, at which time the remaining assets of GRAT No. 1, after payment of the final annuity amount, will pass to the remainder beneficiaries as provided in the Trust Instruments. The Donor’s retained interest is a qualified annuity interest within the meaning of the Treas. Reg. §25.2702-2(a)(6).

The interest rate in effect under Section 7520 of the Internal Revenue Code on [DATE] was 5.8%. The fair market value of the property transferred to the GRAT No. 1, as described above, on [DATE] was \$. The value was determined by [NAM EOF INSTITUTION], A copy of the valuation report provided by [NAM EOF INSTITUTION], is attached as Exhibit B to this Statement.

The Donor computed the amount of the gift in accordance with Treas. Reg. §25.2512-5(d)(1) & (2), which provides that the value of the gift is the value of the property transferred less the value of the Donor’s retained interest. The value of the Donor’s retained interest in GRAT No. 1 was determined in accordance with Treas. Reg. § 25.2702-2(b) which provides that (i) the value of all retained interests other than a qualified annuity interest is zero and (ii) the value of a qualified annuity interest is determined under Section 7520 of the Code. The value of the qualified annuity interest as determined under Section 7520 of the Code is computed by using Table B in IRS Publication 1457 (7-1999). Based on the facts set forth in this Statement, the amount of the gift was determined as follows:

Factor for retained annuity
(derived from IRS Pub. 1457, Table B, and applicable §7520 rate)

Term of Years	=	2
Value of Property Transferred	=	\$ _____
Annuity Payout Percentage	=	54.39%
Annual Annuity Payment	=	\$ _____
Annuity Factor	=	1.8385 (A)
Annual Adjustment Factor	=	1.0000 (B)
Required Annuity Factor (C = A x B)	=	1.8385 (C)
Annual Annuity Amount	=	\$ _____ (D)
Value of Donor's Qualified Annuity Interest (E = C x D)	=	\$ _____ (E)
Value of transferred property (F)	=	\$ _____ (F)
Value of gift (G = F - E)	=	\$ _____
		\$ _____