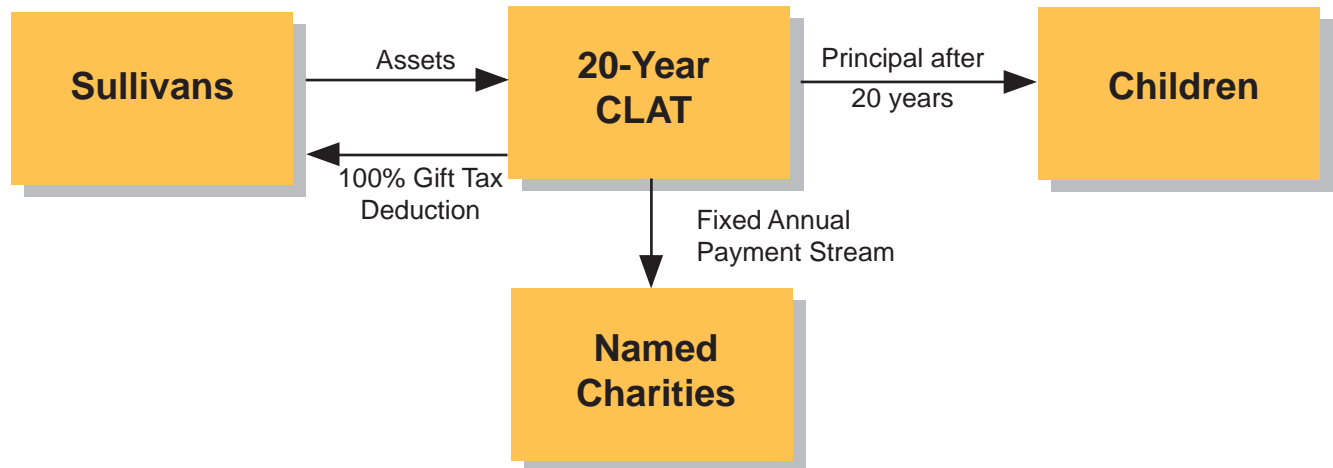


Case Strategy: *Zero Estate Tax Planning using a CLAT*

SULLIVAN

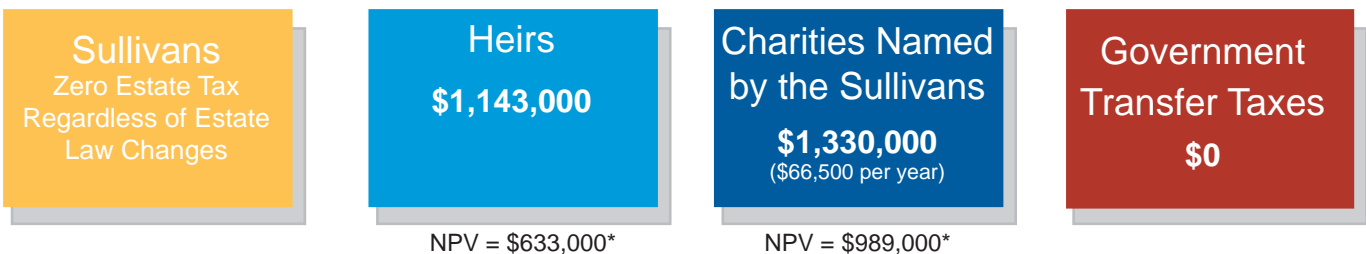


Roger and Jane Sullivan have an estate valued at \$8 million. They have already made significant gifts to their children and local charities and intend to leave more to both. Roger and Jane know that in 2009 the estate tax exclusion amount was \$3,500,000 per person and there is uncertainty as to whether Congress will change the estate taxes for 2010 and beyond. Nevertheless, the Sullivans are not convinced that estate tax repeal will be permanent. Therefore, rather than guessing what Congress will do next, they decide to implement a plan that will absolutely avoid gift and estate taxes and also provide substantial benefits to their children and local charities.

Their professional advisors propose that the Sullivans leverage the valuation discounting available with a charitable lead annuity trust (CLAT). For example, by using a 20-year CLAT with a 6.65% annuity rate, the Sullivans can transfer any amount to the CLAT and pay no gift or estate taxes (because they receive a 100% transfer tax charitable deduction).

For illustration purposes, the advisors and the Sullivans discuss implementing this CLAT with \$1 million of suitable assets. Assuming the assets in the CLAT grow at 7% annually, over the charitable term, their named charity will receive \$1,330,000 while their children are projected to receive \$1,143,000 at the end of the charity's interest.

The Sullivans like this plan and, realizing that their children must wait 20 years to receive anything from the CLAT, they create the CLAT immediately. Additionally, the Sullivans get to see the charitable impact of \$66,500 per year in their community while they are still alive.



Assumptions

CMFR = 3.0%.

*NPV calculated using an inflation rate of 3%.

For more details about this strategy or any other charitable or trust case, please call Renaissance at 800.843.0050.

This example is hypothetical and for educational use only. The situations, tax rates or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary. Please consult with legal and tax counsel about the suitability of this plan before proceeding.



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