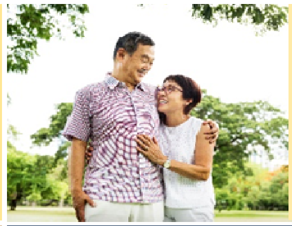
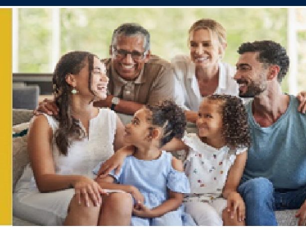


Transfer Tax Planning

WITH GENERIC STATE TRANSFER TAXES

ADVANCED PLANNING



Prepared For

Valued Client & Valued Client

Presented By:

Financial Professional

Edward Jones

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Transfer Taxes

The federal government and the states can tax wealth when it is transferred during life and at death. Federal and state estate tax is levied upon the transfer of an estate at death. To eliminate the burden of the estate tax on the majority of estates, the federal government and some states provide an exempt amount. (For federal taxes, this is the Applicable Exclusion Amount, also known as the Estate Tax Exemption Equivalent Amount). Estate taxes are assessed on all assets that exceed the exempt threshold. In most systems, transfers made to charities are not subject to estate tax. Furthermore, most transfers made to a surviving spouse, who is a US citizen, qualify for an unlimited marital deduction, which effectively delays the estate tax until the death of the surviving spouse. The federal government and some states also impose a gift and generation-skipping transfer tax. Still other states levy an inheritance tax with varying tax rates depending on the type of property and closeness in blood relationship of the decedent to the person receiving the property at death.

WHICH WOULD YOU PREFER?

- Divide your legacy between your family and the government?
- Leave most, or even all of your legacy to your family?

Many affluent people are either unaware of the extent to which transfer taxes could erode their legacies or unfamiliar with the strategies that could help them to transfer their wealth more effectively. Without proper planning, they may not become aware of the impact taxes may have until it is too late.

The first step in planning is to understand the issue.

The Federal Estate Tax

In general, the federal estate tax is due within 9 months from the date of death. The applicable exclusion amount entitles U.S. Citizens and resident aliens to a credit that offsets the estate tax on a specific amount of a person's estate. The effect of the credit is to allow people to pass an amount equal to the exemption amount at death without paying a federal estate tax.

Under the Tax Cuts and Jobs Act of 2017, estate, gift, and generation-skipping transfers are taxed at a maximum rate of 40%. The individual basic exclusion amount for estate, gift and generation-skipping transfers is $13,610,000 in 2024. Assuming portability, an individual's basic exclusion amount for estate tax purposes can be increased by the unused basic exclusion amount of a deceased spouse, which is assumed here.

2024 Applicable Exclusion Amounts (Estate Tax Exemption Equivalents)	$13,610,000*
2024 Top Federal Estate Tax Rates	40%

*Indexed annually for inflation

The History of the Federal Estate Tax

The debate over the estate tax is nothing new. Originally enacted in 1797, the tax has been reformed, repealed, or reenacted many times in its 200-plus years of existence. As priorities shifted and the need for revenues increased or diminished throughout our country's history, the status of the estate tax law has changed several times:

Enacted 1797
The first federal estate tax was enacted to pay for a naval build-up in response to heightened tensions with France.

Repealed 1802
Estate tax was repealed when the threat of war ended.

Enacted 1862
Estate tax re-enacted to raise revenue for the Civil War effort.

Repealed 1870
Estate tax repealed as the country recovered from the effects of the war.

Enacted 1898
The third federal estate tax was enacted to finance the Spanish-American War.

Repealed 1902
Estate tax repealed for the third time.

Enacted 1916
Estate tax re-enacted with the advent of WWI and became a permanent feature of the tax code.

Reformed 1930s
Various changes made the basic structure of the estate tax similar to the structure of 2009

Reformed 1976-1993
Congress passed nine major pieces of legislation that affected the estate and gift tax taxation.

Reformed 2001
Economic Growth and Tax Relief Reconciliation Act of 2001 (EGGTRA) provided a phase-in period of rate reductions, exemption increases, and changes in tax basis.

Repealed 2010
Estate tax repealed for the fourth time.

Enacted 2011
The Tax Relief, Unemployment Insurance Reauthorization & Job Creation Act of 2010 re-enacted the federal estate tax with unified gift and estate tax exemptions equal to $5 million with top marginal tax rate of 35%.

Sunset 2013
All provisions of The TRUIRJCA 2010 scheduled to sunset on January 1st, 2013; all estate tax provisions revert to pre-EGTRRA 2001 as if both laws had never been enacted.

'Permanent' 2013
American Taxpayer Relief Act of 2012 was passed to avoid the sunset.

$5 million estate, gift and GST exemption indexed for inflation. Top transfer tax bracket of 40%

2017: Revised

Tax Cuts and Jobs Act of 2017:

$10 million estate, gift and GST exemption indexed for inflation. Top transfer tax bracket of 40%.

Exemption drops to $5 million in 2026, indexed for inflation.

State Estate and Inheritance Taxes

State death taxation has been in a state of flux for many years. Thirty-two (32) states have no taxation. Other states either follow an old State Death Tax Credit table which includes marginal rates between 1% on smaller estates, up to 16% on taxable estates over 10 million dollars. A handful of states have their own estate tax tables and tax structures, and still others have an inheritance tax, which is a tax on a beneficiary's right to inherit wealth from a decedent.

Estate and Inheritance Tax-Free States, as of January 1, 2024. Check with your tax advisor for any changes.

AL,AK,AZ,AR,CA,CO,DE,FL,GA,ID,IN,KS,LA,MI,MS,MO,MT,NV,NH,NM,NC,ND,OH,OK,SC,SD,TN,TX,VA,UT,WV,WI,WY.

States which have an estate tax use various exemption amounts with or without inflation and the specific calculations vary. For example: some states use the exclusion as a reduction in the taxable value, while other states use the exclusion as a threshold where there is no state tax up to the exclusion amount, but once the exclusion amount is surpassed, there is no benefit to the exclusion, except for a married spouse where no state taxes are generally triggered at the first death.

Many married couples own their homes and other assets as joint tenants with rights of survivorship, or with one spouse as designated beneficiary at death, such as qualified retirement plans. The result at the death of the first spouse is these assets automatically pass to the surviving spouse outside the probate process. However, for those who wish to take advantage of their state's individual estate tax exemption by funding a trust instead of passing assets directly to their spouse, the assets must be titled either solely or as tenants in common, and without an automatic beneficiary designation. The values in this report assume assets are not appropriately titled at the death of the first spouse for purposes of using the state estate tax exemption amount of the first spouse to die.

State	Exemption Level*	Estate Tax Rates
CT	$13,610,000	12%
DC	$4,710,000	11.2% to 16%
HI†	$5,490,000	10% - 20%
IL	$4,000,000	0.8% - 16%
ME	$6,800,000	8% - 12%
MD†	$5,000,000	0.8% - 16%
MA	$2,000,000	0.8% - 16%
MN	$3,000,000	13% - 16%
NY	$6,940,000	3.06% - 16%
OR	$1,000,000	10% - 16%
RI	$1,774,583	0.8% - 16%
VT	$5,000,000	16%
WA	$2,193,000	10% - 20%

* Exemptions are for 2024

†Hawaii and Maryland allow a surviving spouse to assume the decedent spouse's unused state exemption with an election on a timely filed state estate tax return.

State	Inheritance Tax Rates
IA[1]	1% - 3%
MD	10%
KY	4% - 16%
NE	1% - 15%
NJ	11% - 16%
PA	4.5% - 15%

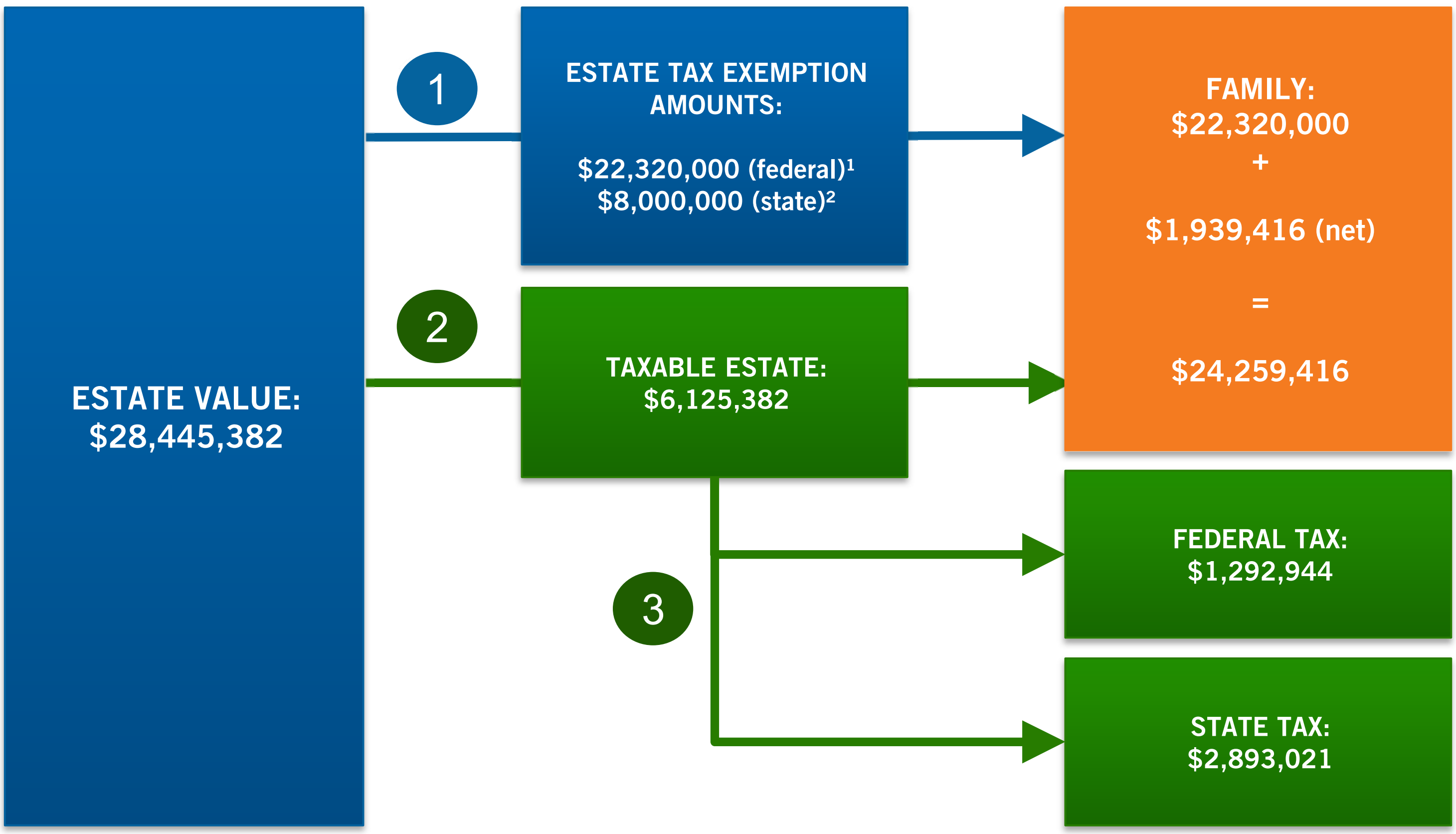
[1] In 2021, Iowa began phasing out its inheritance tax over a five-year period.

Potential Estate Tax

Your Potential Estate Tax

Estate Value Today: $8,000,000

At Life Expectancy (26 Years):



1. Value of estate equal to estate tax exemption amounts passes to family.
2. Value of estate in excess of estate tax exemption amounts is subject to estate tax.
3. Federal and state estate tax payable is typically due within nine months of death.

State estate tax based on input percentage value of 14.15%

[1] The current federal estate tax laws allow individuals to pass a certain amount to a non-spouse beneficiary free of estate tax (currently $13,610,000* for 2024). Portability, which allows a surviving spouse to use a deceased spouse's unused estate tax exclusion, could increase the surviving spouse's exclusion to $27,220,000. The exemption will be reduced by 50% after December 31, 2025. The amount in excess of this is subject to federal estate tax.

[2] This figure is used to help approximate the potential impact of state estate tax. Please consult with a tax advisor familiar with your state's laws for help determining your specific liability.

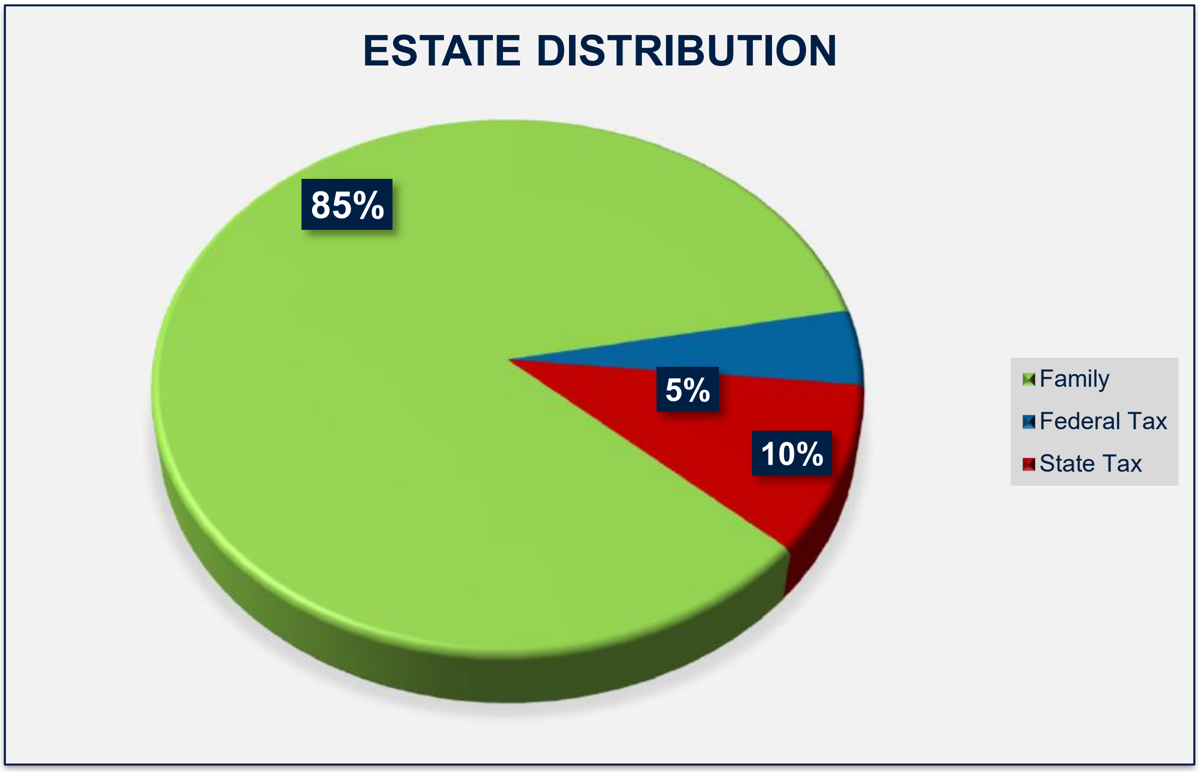
**Indexed annually for inflation.*

Results

Your Potential Estate Tax

Estate Value Today: $8,000,000

At Life Expectancy (26 Years):



Total: $28,445,382

DEFINITION OF COLUMNS

1. **Year**
   The years elapsed from the present day.

2. **Age(s)**
   Age(s) of the insured(s) at the beginning of the Year.

3. **Estate Value**
   This amount assumes your current estate value increases annually at the input growth rate.

4. **Federal Estate Tax Exemption**
   This is the value of the amount exempt from federal estate tax.

5. **State Estate Tax Exemption**
   The value of the amount exempt from state estate tax.

6. **State Estate Tax**
   This is a basic state estate tax value based on the federal credit for state death taxes found in Internal Revenue Code Section 2011. Though repealed, many states continue to calculate estate taxes based on the credit.

7. **Federal Taxable Estate**
   The estate value less the allowable deduction for the value in Columns 4 and 6.

8. **Federal Estate Tax**
   This is the amount of estate tax after applying the Federal Exemption in Column 4.

9. **Total to Family**
   Column 3 less the taxes shown in Columns 6 and 8.

Estate Tax Analysis

Valued Client, Male 65
Valued Client, Female 65

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		ESTATE & STATE TAXES						
Year	Ages	Estate (EOY)	Federal Estate Tax Exemption	State Estate Tax Exemption	State Estate Tax*	Federal Taxable Estate	Federal Estate Tax	Total to Family
1	65/65	8,400,000	27,220,000	8,000,000	56,600	0	0	8,343,400
2	66/66	8,820,000	27,760,000	8,000,000	116,030	0	0	8,703,970
3	67/67	9,261,000	14,160,000	8,000,000	178,432	0	0	9,082,569
4	68/68	9,724,050	14,440,000	8,000,000	243,953	0	0	9,480,097
5	69/69	10,210,253	14,720,000	8,000,000	312,751	0	0	9,897,502
6	70/70	10,720,765	15,020,000	8,000,000	384,988	0	0	10,335,777
7	71/71	11,256,803	15,320,000	8,000,000	460,838	0	0	10,795,966
8	72/72	11,819,644	15,620,000	8,000,000	540,480	0	0	11,279,164
9	73/73	12,410,626	15,940,000	8,000,000	624,104	0	0	11,786,522
10	74/74	13,031,157	16,260,000	8,000,000	711,909	0	0	12,319,248
11	75/75	13,682,715	16,580,000	8,000,000	804,104	0	0	12,878,611
12	76/76	14,366,851	16,920,000	8,000,000	900,909	0	0	13,465,941
13	77/77	15,085,193	17,260,000	8,000,000	1,002,555	0	0	14,082,638
14	78/78	15,839,453	17,600,000	8,000,000	1,109,283	0	0	14,730,170
15	79/79	16,631,425	17,960,000	8,000,000	1,221,347	0	0	15,410,079
16	80/80	17,462,997	18,320,000	8,000,000	1,339,014	0	0	16,123,983
17	81/81	18,336,147	18,680,000	8,000,000	1,462,565	0	0	16,873,582
18	82/82	19,252,954	19,060,000	8,000,000	1,592,293	0	0	17,660,661
19	83/83	20,215,602	19,440,000	8,000,000	1,728,508	0	0	18,487,094
20	84/84	21,226,382	19,820,000	8,000,000	1,871,533	0	0	19,354,849
21	85/85	22,287,701	20,220,000	8,000,000	2,021,710	45,991	18,396	20,247,595
22	86/86	23,402,086	20,620,000	8,000,000	2,179,395	602,691	241,076	20,981,614
23	87/87	24,572,190	21,040,000	8,000,000	2,344,965	1,187,225	474,890	21,752,335
24	88/88	25,800,800	21,460,000	8,000,000	2,518,813	1,821,986	728,795	22,553,192
25	89/89	27,090,840	21,880,000	8,000,000	2,701,354	2,509,486	1,003,794	23,385,691
26	**90/90**	**28,445,382**	**22,320,000**	**8,000,000**	**2,893,021**	**3,232,360**	**1,292,944**	**24,259,416**
27	91/91	29,867,651	22,760,000	8,000,000	3,094,273	4,013,378	1,605,351	25,168,027
28	92/92	31,361,033	23,220,000	8,000,000	3,305,586	4,835,447	1,934,179	26,121,268
29	93/93	32,929,085	23,680,000	8,000,000	3,527,465	5,721,619	2,288,648	27,112,972
30	94/94	34,575,539	24,160,000	8,000,000	3,760,439	6,655,100	2,662,040	28,153,060

* State estate tax based on input percentage value of 14.15%
The current federal estate tax laws allow individuals to pass a certain amount to a non-spouse beneficiary free of estate tax (currently $13,610,000 for 2024). Portability, which allows a surviving spouse to use a deceased spouse's unused estate tax exclusion, could increase the surviving spouse's exclusion to $27,220,000. The exemption will be reduced by 50% after December 31, 2025. The amount in excess of this is subject to federal estate tax.

Estate Tax Analysis

Valued Client, Male 65
Valued Client, Female 65

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		ESTATE & STATE TAXES						
Year	Ages	Estate (EOY)	Federal Estate Tax Exemption	State Estate Tax Exemption	State Estate Tax*	Federal Taxable Estate	Federal Estate Tax	Total to Family
31	95/95	36,304,316	24,640,000	8,000,000	4,005,061	7,659,255	3,063,702	29,235,553
32	96/96	38,119,532	25,140,000	8,000,000	4,261,914	8,717,618	3,487,047	30,370,571
33	97/97	40,025,508	25,640,000	8,000,000	4,531,609	9,853,899	3,941,560	31,552,339
34	98/98	42,026,784	26,160,000	8,000,000	4,814,790	11,051,994	4,420,798	32,791,196
35	99/99	44,128,123	26,680,000	8,000,000	5,112,129	12,335,994	4,934,397	34,081,596
36	100/100	46,334,529	27,220,000	8,000,000	5,424,336	13,690,193	5,476,077	35,434,116
37	101/101	48,651,256	27,760,000	8,000,000	5,752,153	15,139,103	6,055,641	36,843,462
38	102/102	51,083,818	28,320,000	8,000,000	6,096,360	16,667,458	6,666,983	38,320,475
39	103/103	53,638,009	28,880,000	8,000,000	6,457,778	18,300,231	7,320,092	39,860,139
40	104/104	56,319,910	29,460,000	8,000,000	6,837,267	20,022,642	8,009,057	41,473,585
41	105/105	59,135,905	30,040,000	8,000,000	7,235,731	21,860,175	8,744,070	43,156,105
42	106/106	62,092,700	30,640,000	8,000,000	7,654,117	23,798,583	9,519,433	44,919,150
43	107/107	65,197,335	31,260,000	8,000,000	8,093,423	25,843,912	10,337,565	46,766,347
44	108/108	68,457,202	31,880,000	8,000,000	8,554,694	28,022,508	11,209,003	48,693,505
45	109/109	71,880,062	32,520,000	8,000,000	9,039,029	30,321,034	12,128,413	50,712,620
46	110/110	75,474,065	33,180,000	8,000,000	9,547,580	32,746,485	13,098,594	52,827,891
47	111/111	79,247,769	33,840,000	8,000,000	10,081,559	35,326,209	14,130,484	55,035,726
48	112/112	83,210,157	34,520,000	8,000,000	10,642,237	38,047,920	15,219,168	57,348,752
49	113/113	87,370,665	35,220,000	8,000,000	11,230,949	40,919,716	16,367,886	59,771,830
50	114/114	91,739,198	35,920,000	8,000,000	11,849,097	43,970,102	17,588,041	62,302,061
51	115/115	96,326,158	36,640,000	8,000,000	12,498,151	47,188,007	18,875,203	64,952,804
52	116/116	101,142,466	37,380,000	8,000,000	13,179,659	50,582,807	20,233,123	67,729,684
53	117/117	106,199,589	38,120,000	8,000,000	13,895,242	54,184,348	21,673,739	70,630,609
54	118/118	111,509,569	38,880,000	8,000,000	14,646,604	57,982,965	23,193,186	73,669,779
55	119/119	117,085,047	39,660,000	8,000,000	15,435,534	61,989,513	24,795,805	76,853,708
56	120/120	122,939,300	40,460,000	8,000,000	16,263,911	66,215,389	26,486,156	80,189,233
57	121/121	129,086,265	41,260,000	8,000,000	17,133,706	70,692,558	28,277,023	83,675,535

* State estate tax based on input percentage value of 14.15%

The current federal estate tax laws allow individuals to pass a certain amount to a non-spouse beneficiary free of estate tax (currently $13,610,000 for 2024). Portability, which allows a surviving spouse to use a deceased spouse's unused estate tax exclusion, could increase the surviving spouse's exclusion to $27,220,000. The exemption will be reduced by 50% after December 31, 2025. The amount in excess of this is subject to federal estate tax.

Assumptions Used to Prepare the Concept Illustration

	Value	Explanation
CLIENT INFORMATION		
Family Name	Client	Name of family
Client Name	Valued	Given name of the first client
Age	65	Age of the first client (required)
Sex	Male	Sex of the first client (required)
Smoking Status	Non-Smoker Plus	Underwriting class of the first client (required)
Spouse's Name	Valued Client	Given name of the second client
Age	65	Age of the second client (if any)
Sex	Female	Sex of the second client (required)
Smoking Status	Non-Smoker Plus	Underwriting class of the second client (required)
Client's Tax Bracket	34.00%	Client's Tax Rate
ESTATE INFORMATION		
Total Estate Value	$8,000,000	
Growth Rate of Estate Assets	5.00%	
Marital Status	Married	
Death Year/Age:	A91	
Post-76 Taxable Gifts	$0	
Prior Gift Taxes Paid	$0	
Federal Lifetime Exemption Used	$0	
Federal Exemption Inflation Rate	2.00%	
State Taxes?	Yes	
Individual State Exemption	$8,000,000	
State exemption Inflation Rate	0.00%	
Use a Specific State Estate Tax Rate?	Yes	
State Estate Tax Rate	14.15%	

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