

# IDGT for Stocks

## Trust Values Over Time

Assumes a sale of \$10,000,000 in assets to the trust in exchange for an installment note

### Proposed Plan with New Life Insurance

End of Year	Beginning Trust Balance	Trust Income <sup>1</sup>	Annual Payment of Note	End of Year Value of Trust Balance <sup>2</sup>	Value of Note Included in Estate <sup>3</sup>	Net Values Transferred from Estate <sup>4</sup>
2008	\$0	\$63,323	\$72,000	\$10,625,922	\$10,000,000	\$625,922
2009	10,625,922	259,132	432,000	11,004,977	10,000,000	1,004,977
2010	11,004,977	268,569	432,000	11,415,314	10,000,000	1,415,314
2011	11,415,314	278,784	432,000	11,859,517	10,000,000	1,859,517
2012	11,859,517	289,842	432,000	12,340,379	10,000,000	2,340,379
2013	12,340,379	301,813	432,000	12,860,927	10,000,000	2,860,927
2014	12,860,927	314,772	432,000	13,424,435	10,000,000	3,424,435
2015	13,424,435	328,801	432,000	14,034,449	10,000,000	4,034,449
2016	14,034,449	343,987	432,000	14,694,807	10,000,000	4,694,807
2017	14,694,807	360,426	432,000	15,409,664	10,000,000	5,409,664
2018	15,409,664	378,222	432,000	16,183,518	10,000,000	6,183,518
2019	16,183,518	397,487	432,000	17,021,238	10,000,000	7,021,238
2020	17,021,238	418,342	432,000	17,928,094	10,000,000	7,928,094
2021	17,928,094	440,918	432,000	18,909,793	10,000,000	8,909,793
2022	18,909,793	465,358	432,000	19,972,510	10,000,000	9,972,510
2023	19,972,510	491,814	10,432,000	11,122,933	0	11,122,933
2024	11,122,933	276,364	0	11,991,112	0	11,991,112
2025	11,991,112	297,977	0	12,930,942	0	12,930,942
2026	12,930,942	321,374	0	13,948,335	0	13,948,335
2027	13,948,335	346,702	0	15,049,693	0	15,049,693
2028	15,049,693	623,517	0	27,112,728	0	27,112,728
2029	27,112,728	674,967	0	29,350,326	0	29,350,326
2030	29,350,326	730,671	0	31,772,590	0	31,772,590
2031	31,772,590	790,973	0	34,394,763	0	34,394,763
2032	34,394,763	856,252	0	37,233,343	0	37,233,343

<sup>1</sup> Income is generated by the trust at 2.400% per year. This trust income is in addition to the growth rate applied to the trust's corpus. All trust income is reinvested annually. Reinvested income is in addition to the growth rate of the trust. The trust income is considered taxable income to the grantor annually. Even though the grantor is taxed on the trust income, it is not included as part of the grantor's cash flow. The payment of the tax liability by the grantor on this income is not assumed to be a taxable gift.

<sup>2</sup> The trust assumes a net growth rate of 5.7% and includes the initial seed gift amount of \$500,000.

<sup>3</sup> At the grantor's death only the fair market value of the remaining portion of the installment note is included in the grantor's estate. In this example, balance of the note is considered to be fair market value. Value may vary. The trust's assets, including growth and income provided by the trust, are removed from the grantor's estate.

<sup>4</sup> The Net Values Transferred from Estate represents the difference in trust values removed from the grantor's estate, and the balance of the installment note, included in the grantor's estate. The trust's assets, including growth and income provided by the trust, are removed from the grantor's estate. Trust income paid to non-spouse beneficiaries is not included. If the trust's cash flow is insufficient to meet the interest and principal payments to the Grantor, trust assets must either be liquidated or distributed in-kind to meet any shortfall. The illustration assumes that assets are liquidated. Although the Grantor is responsible for payment of capital gains taxes when assets are liquidated, the illustration does not reflect the payment of these taxes.