



INCOME SOURCES

1. Income from High-Risk to Husband.
2. Income from High-Risk to Her Investment Group (HIG).
3. Income to Wife from HIG
4. Income to Wife from Her RE LLC
5. Income to Wife from Charitable Trust (potential)
6. Income to Wife from Supported Organization
7. Income from Her entities to Children's Trust (Grantor Trust)
8. Income to Her Investment Group from Her RE LLC
9. Rental Income from "Affiliated NPO" to LLC (Lease Purchase)
10. Income from Real Estate and Other Investments to RE LLC

CHARITABLE ACTIVITIES

1. Husband - Gifts to Smith Family Charitable Trust (SFCT)
2. Wife - Gifts to SFCT
3. SFCT makes gifts to Supported Org
4. Supported Org makes gifts to "Affiliated NPO" which are used to further develop and improve the leased property

INVESTMENT ACTIVITIES

1. HIG is 3% Owner, Voting Member, Manager of RE LLC)
2. SFCT is 2% Owner, Voting Member of RE LLC
3. Wife is 54% Owner, Non-Voting Member of RE LLC
4. Children's Trsut is 41% Owner, Non-Voting Member of RE LLC
5. RE LLC purchases Real Estate for "Affiliated NPO" - accepts a lease with option to purchase - price decreases each renewal
6. RE LLC borrows money from SFCT & Bank to purchase rental property
6. RE LLC forms single member LLC for each investment

DEBT ACTIVITIES

1. RE LLC borrows from SFCT at commerical rates
2. RE LLC borrows from Bank or Mtg Co at commercial rates
3. Debt is personally guaranteed by Wife

TAX ACTIVITIES

1. HIG is a "C" Corp with a July year-end
2. HIG pays all employee business expenses now in personal return, including Disability, Long-term care, auto
3. HIG takes maximum comp from High-Risk
4. HIG pays salary to Wife & sets up retirement plan
5. HIG receives Comp as Manager of RE LLC
6. RE LLC flows losses through to Wife
7. Children's Trust is a Grantor Trust and flows through to Wife
8. WifeGifts non-voting shares in her name to Children's Trust

INSURANCE ACTIVITIES

1. Husband's life insurance moved into ILIT
2. Wife's life insurance moved into ILIT
3. Offshore Insurance plans are not illustrated.

The objective of this plan is to make the most tax-efficient use of the Smith Family's income to provide support for a specific charitable activity and to build a substantial asset base for their children that is outside of their taxable estate and protected from over zealous officials and judgment creditors. Other parts of this plan are not shown here, including employee benefit programs and use of IRA (qualified) accounts.