

ENGINEERED CAPITAL GAINS TRANSACTION

THE ULTIMATE TRANSACTION

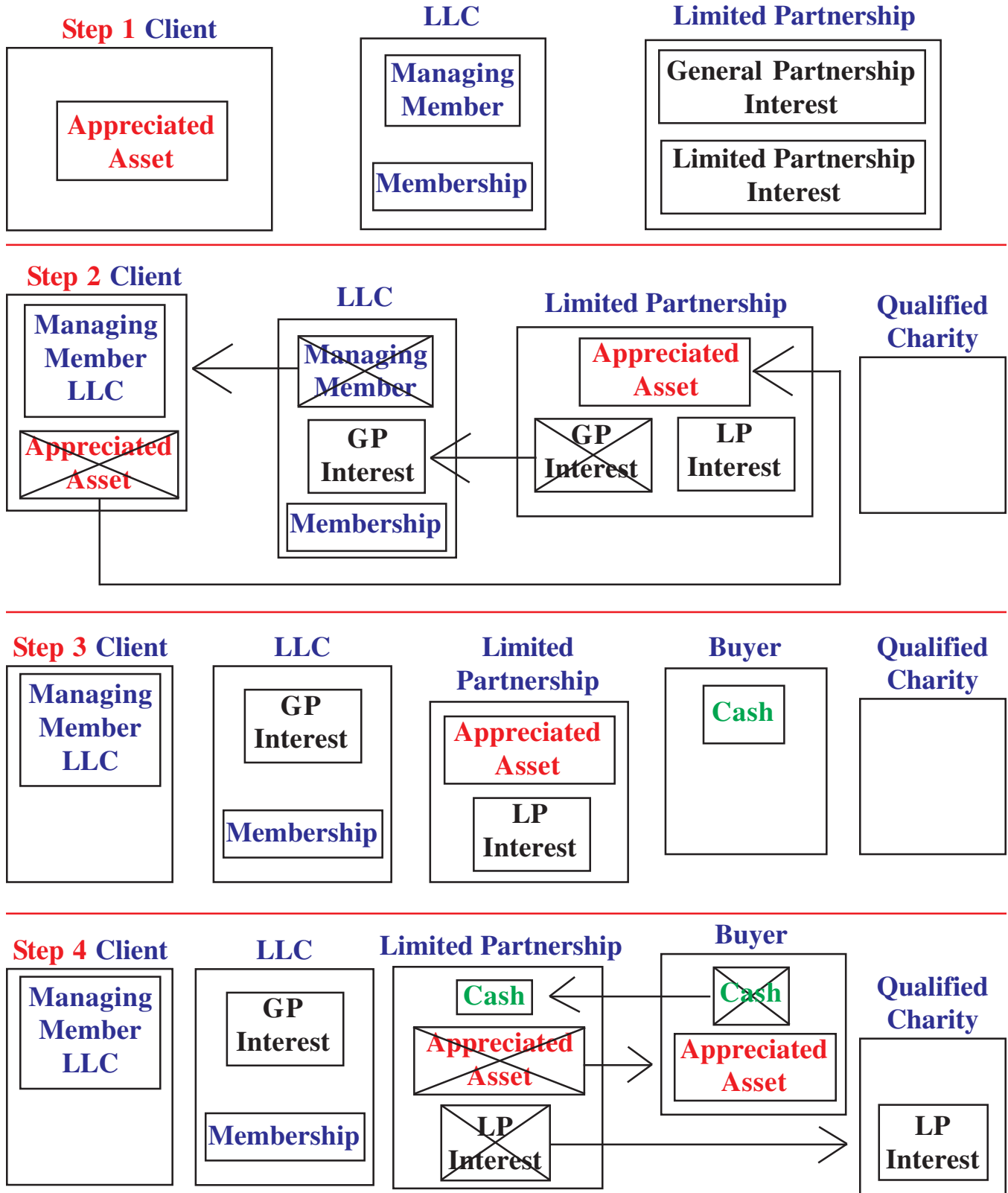
The Numbers - California

	<u>Ultimate</u>	<u>Straight Sale</u>
Cost Basis	\$100,000	\$100,000
Sale Price	\$1,000,000	\$1,000,000
Capital Gain	\$900,000	\$900,000
Current Federal Capital Gain Tax (based on income level above \$400,000)	23.8%	23.8%
Actual Current Federal Capital Gain	\$214,200	\$214,200
California State Gain Tax *	10%	10%
Actual California Gain Tax	\$68,580	\$68,580
Total Gain Tax	\$282,780	\$282,780
Gain Tax Paid	Zero	\$282,780
Amount Available for Investment	\$1,000,000	\$717,220
Amount in Estate at Death	Zero	\$717,220
Asset Amount at Risk	Zero	\$717,220
Cost of Insurance	?	Zero

*** This is an approximation. State Codes can have an effect on the actual dollar amount.**

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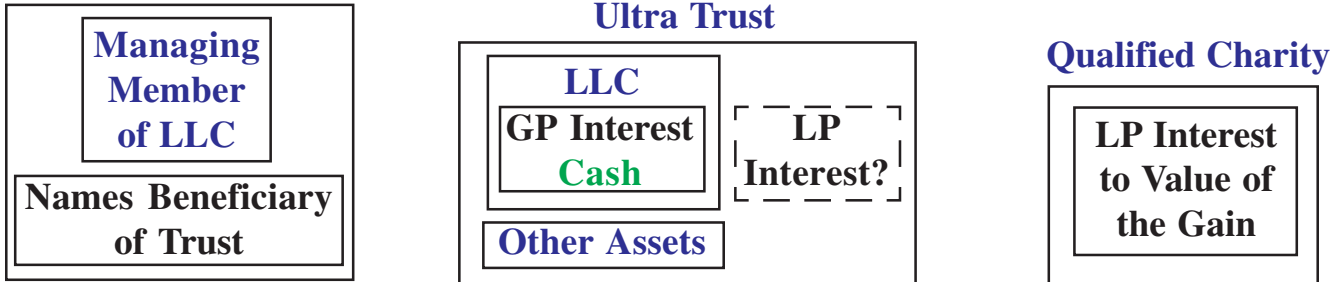
Flow Chart 1 of 2



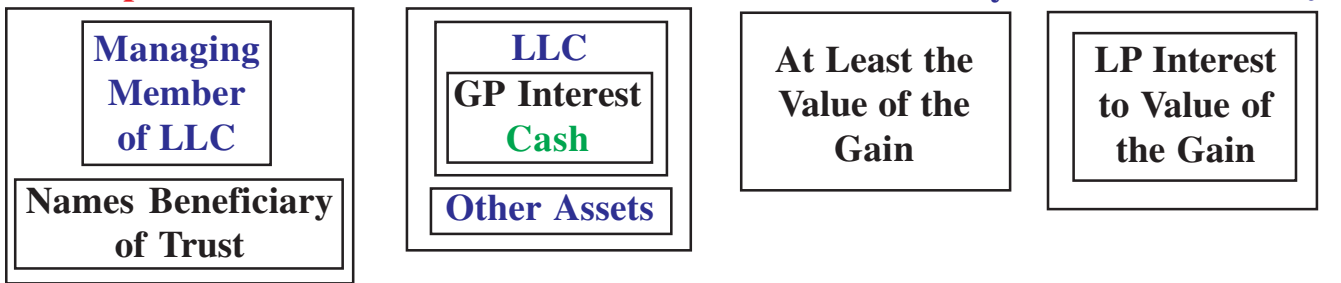
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Flow Chart 2 of 2

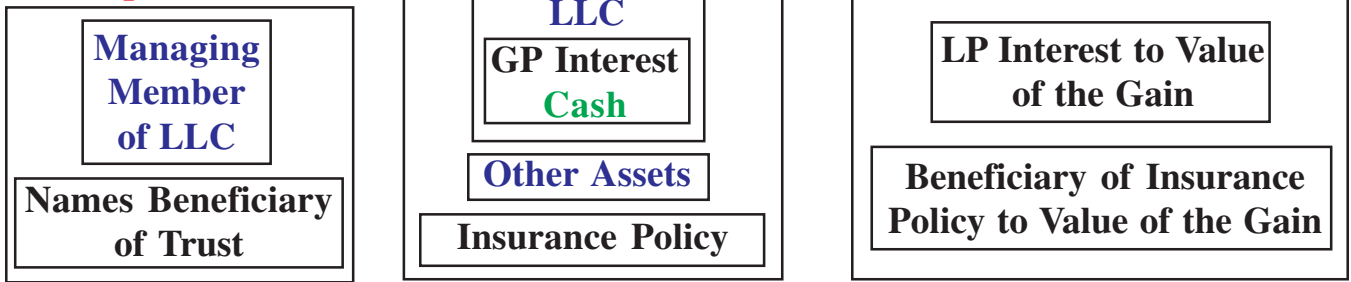
Step 5 Client



Step 6 Client

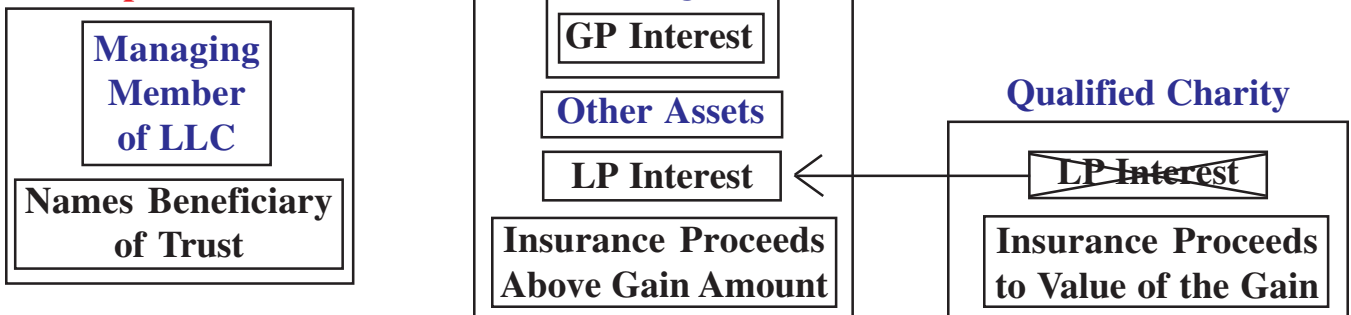


Step 7 Client



When Life Covered Dies ...

Step 8 Client



The ratio of GP Interest to LP Interest is 1 to 10. However, the GP Interest is the cost basis. The total \$1,000,000 is under the control of the GP yet the K1 for the sale of the appreciated asset and its profit goes 100% to the charity since the GP Interest represents a return of investment.