

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	15%	15%
Actual Current Federal Capital Gain	\$135,000	\$135,000
California State Gain Tax	10%	10%
Actual California Gain Tax	\$90,000	\$90,000
Total Gain Tax	\$225,000	\$225,000
Gain Tax Paid	Zero	\$225,000
Amount Available for Investment	\$1,000,000	\$775,000
Amount in Estate at Death	Zero	\$775,000
Asset Amount at Risk	Zero	\$775,000
Cost of Insurance	?	Zero