

INKNOW *VISION*'S MONTHLY HNW WEBINAR SERIES

Case Study Webinar



FAMILY WEALTH GOAL ACHIEVER™ - INITIAL

PREPARED FOR:

JOHN THOMASON

August 16, 2011

PRESENTED BY

Scott Hamilton
InKnowVision, LLC
715 Enterprise Dr.
Oak Brook, IL 60523
Phone: (630)596-5090

YOUR GOALS AND OBJECTIVES

JOHN THOMASON

- Maintain my customary lifestyle. This should take about \$200,000 annually after taxes and gifts.
- Continue reinvesting profits into the trucking business to build ultimate sale value.
- Explore incentive options for our key employee that will help to ensure business continuity and growth.
- Provide an inheritance for my daughters in a manner which will provide them with ample opportunities and encourages them to be productive.
- Provide for a significant charitable gift.
- Reduce income taxes if possible.
- Eliminate or reduce estate taxes.

FAMILY INFORMATION

JOHN THOMASON

CLIENT

John Thomason
132 Main St.

Date of Birth June 2, 1963

CHILDREN

CHILD'S NAME	DATE OF BIRTH
Melissa Thomason	August 11, 1995
Katie Thomason	September 26, 1998

PERIODIC TABLE OF ESTATE PLANNING ELEMENTS - CONSIDERED

JOHN THOMASON

In our planning process, we start with the universe of available planning tools. While this universe is constantly changing, the following chart outlines many of the available tools. We examine each of these strategies and discard those that are not suitable for meeting your goals and objectives.

Charitable Remainder Uni-Trust	412(e)	Family Limited Liability Company	Private Annuity	Grantor Retained Annuity Trust	Charitable Lead Annuity Trust	SCIN
Family LLC	TCLAT	Qualified Personal Residence Trust	Flip CRT	Sale for Installment Note	Series Limited Liability Company	Trust Owned Life Insurance
Premium Finance	Preferred Limited partnership	Long Term Care Insurance	Business, LLC	Maximized Gift to Trust	ILIT	Corporate Recapitalization
Walton GRAT	Private Foundations	Charitable Life Estate	Investments, LLC	Annuity Withdrawal	Asset Protection	Loan to Trust
SPIA/Life in a CLAT	Principal Protected Notes	Revocable Living Trusts, DPAs and POAs	Crummey Powers	Dynasty Trust	International VUL	Irrevocable Non-Grantor Trust
Supporting Organizations	IRA to Charity	Gift Annuity	Remainder Sales	Life Estates	Captive Insurance Company	LLC/CRTs
Bargain Sales	Succession Planning	Risk Management	Charitable Remainder Annuity Trust	ESOP Planning	Defined Benefit Plans	Qualified Plan Limited Partnership

INTRODUCTION TO THE PLAN STRATEGIES ROADMAP

JOHN THOMASON

The following section of the plan contains a step by step roadmap for each of the strategies that we are recommending.

You will notice that the strategies are often interdependent; that is, in order for one strategy to be successful, you must complete another strategy as well. It is the integration of each of these strategies that allows you to most efficiently accomplish your goals.

Also keep in mind that there is often more than one way to get from point A to point B. This is true in wealth transfer planning. If a particular strategy or combination of strategies is not acceptable to you, we may be able to reach the desired result in a less efficient but perhaps more acceptable way.

The following pages are a conceptual road map only. There are numerous details contained in each strategy that are not detailed in the overall plan that follows.

JOHN THOMASON

BUSINESS PLANNING
OPPORTUNITIES

KEY EMPLOYEE

JOHN THOMASON

Trucking Company has a key employee who is responsible for many of the supplier relationships.

Goal: Protect company from the death, disability or termination of key employee.

Ideas

- 1) Diversify supplier relationships to one or more company employees
- 2) Train new employees to do job of key employee
- 3) Train suppliers to accept new employees
- 4) Create incentives for your key employee based on company reaching its goals
 - a. Cash bonus for reaching certain goals
 - b. Continued salary for management of new employees
- 5) Provide security for key employee throughout process
 - a. Pool of cash for retirement, subject to
 - i. Reaching company goals
 - ii. Vesting
- 6) Keep key employee from feeling threatened by the changes
 - a. Constant reassurance
 - b. Written contract
- 7) Keep key employee from leaving and taking relationships elsewhere
 - a. Non-compete
 - b. Non-disclosure
 - c. Tie leaving to financial loss
- 8) Key person insurance on key employee

KEY EMPLOYEE

JOHN THOMASON

Goal: Retain key employee in case of death or disability of owner.

Ideas

- 1) Deferred bonus based on key employee staying with the company after death or disability of owner
- 2) Employee contract
- 3) Non-compete/non-disclosure
- 4) Key person insurance on John's life. Could be integrated with insurance purchased for inheritance
- 5) Identify/hire employee capable of taking over John's role as manager

JOHN THOMASON

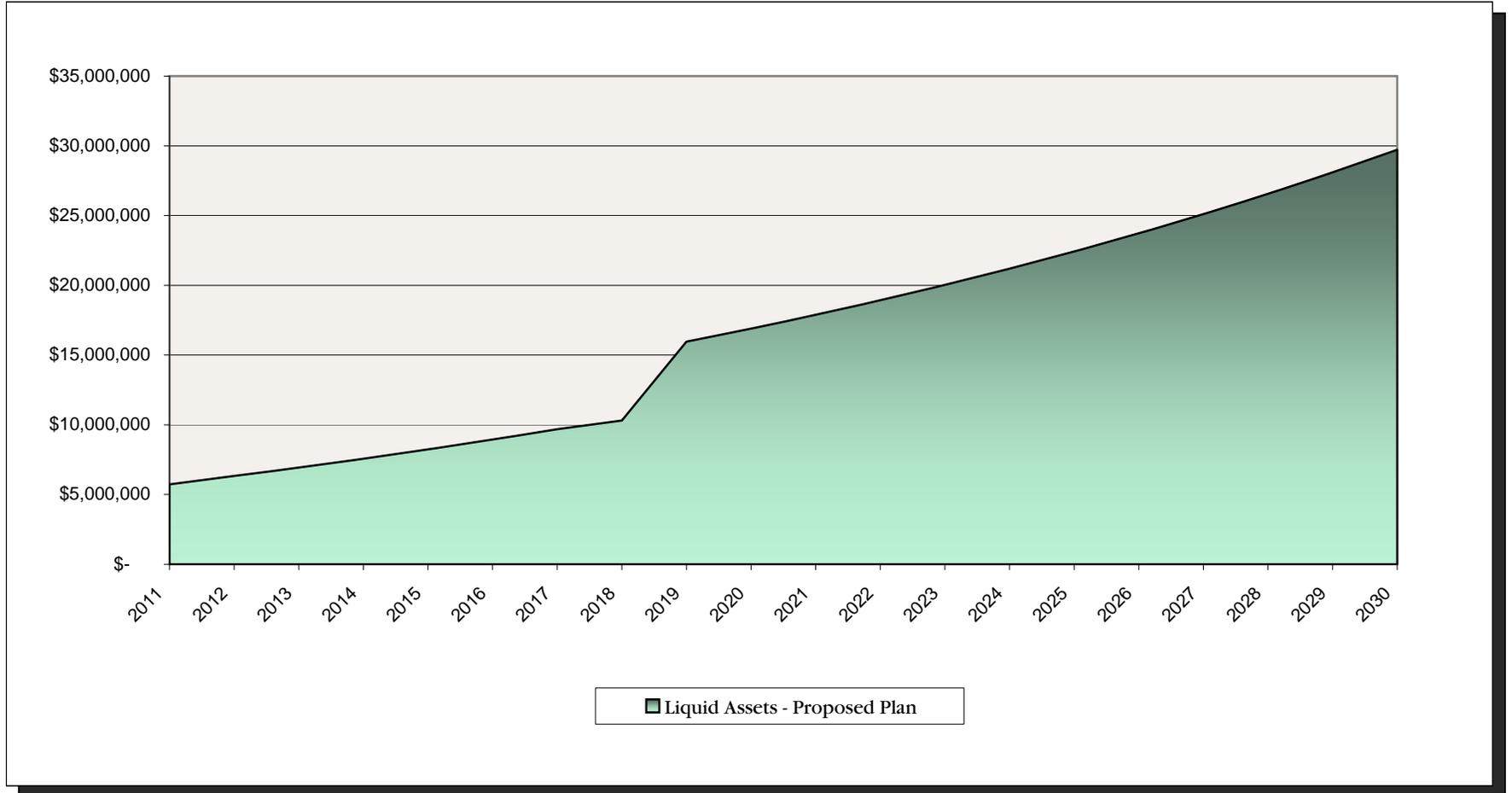
INHERITANCE
PLANNING
OPPORTUNITIES

JOHN THOMASON

LIFETIME SPENDING
AND LIQUIDITY

YOUR LIQUID ASSETS - PROPOSED PLAN

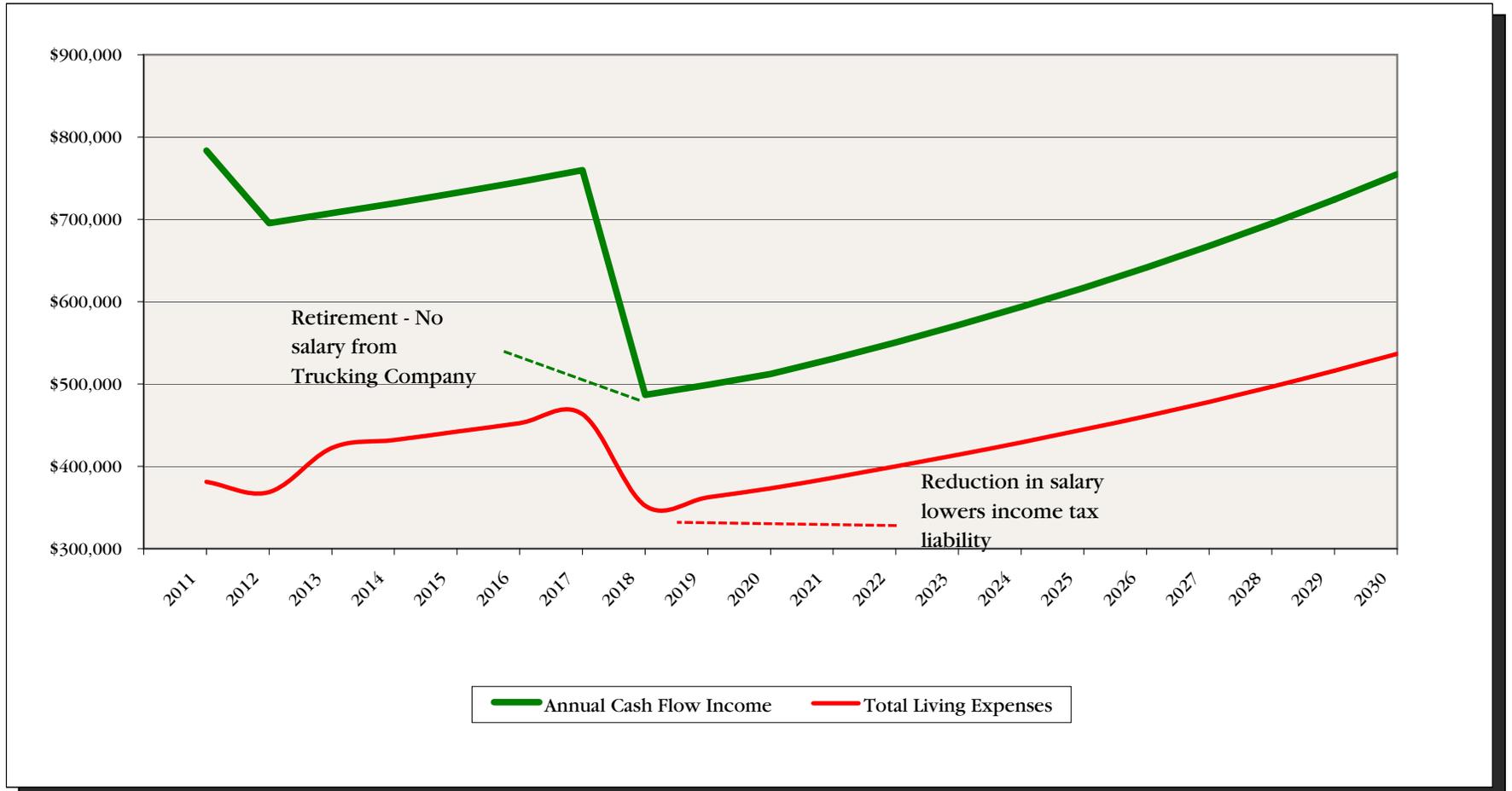
JOHN THOMASON



This illustrates your readily available liquid assets over the next 20 years. Promissory notes are not considered liquid assets until repaid. We are showing assets as liquid during the first 8 years of the plan, although some of these assets may currently be pledged as collateral.

PERSONAL SPENDING VS. INCOME - PROPOSED PLAN

JOHN THOMASON



This chart compares your personal cash flow income to cash flow expense under the proposed plan year by year for 20 years.

JOHN THOMASON

INCREASE INHERITANCE
AND REDUCE ESTATE TAX

COMPARISON OF PLAN RESULTS - PLAN YEAR 2011

JOHN THOMASON

	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 22,577,993	\$ 16,529,324	
Heirs Receive Immediately	\$ 16,262,688	\$ 26,333,336	\$ 10,070,648
Heirs Receive from Deferred Inheritance	\$ -	\$ 3,982,824	\$ 3,982,824
Total Benefits to Family	\$ 16,262,688	\$ 30,316,160	\$ 14,053,471
Family Charity	\$ -	\$ 16,339,031	\$ 16,339,031
Estate and Income Tax	\$ 6,064,525	\$ -	\$ 6,064,525

This chart assumes that you die this year and compares the results of the current plan with the proposed plan.

Deferred Inheritance is a general approximation based on the long term performance of the TCLAT.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2030

JOHN THOMASON

	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 71,897,012	\$ 36,137,401	
Heirs Receive Immediately	\$ 32,364,669	\$ 64,035,720	\$ 31,671,051
Heirs Receive from Deferred Inheritance	\$ -	\$ 8,714,718	\$ 8,714,718
Total Benefits to Family	\$ 32,364,669	\$ 72,750,437	\$ 40,385,769
Family Charity	\$ -	\$ 35,751,027	\$ 35,751,027
Estate and Income Tax	\$ 38,788,373	\$ -	\$ 38,788,373
Present Value of total to Heirs	\$12,807,798	\$28,789,818	
Discount rate for PV calculation	5.00%		

This chart assumes that you die in 2030 and compares the results of the current plan with the proposed plan. Deferred Inheritance is a general approximation based on the long term performance of the TCLAT.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2031

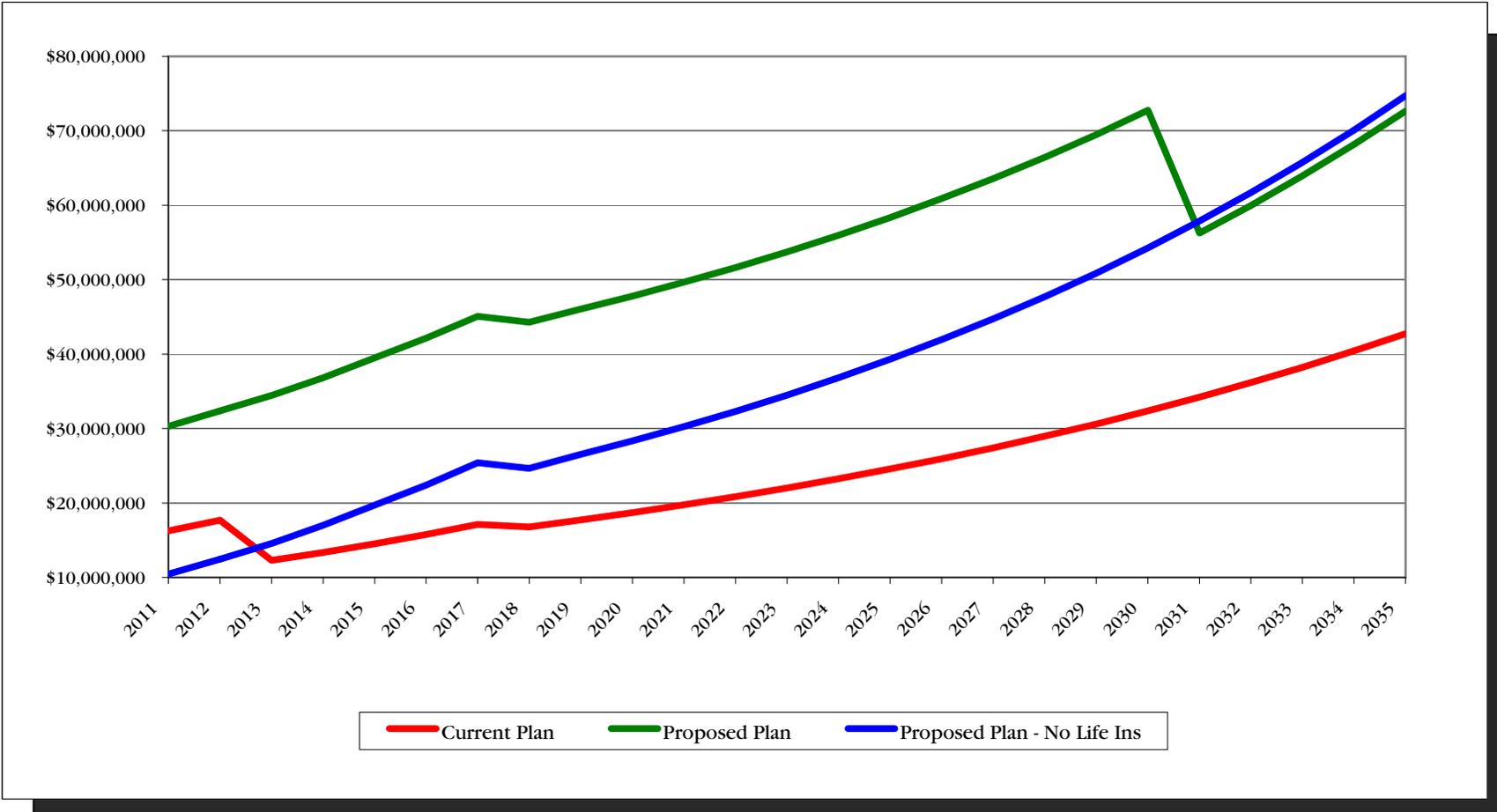
JOHN THOMASON

	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 76,040,707	\$ 37,895,372	
Heirs Receive Immediately	\$ 34,210,685	\$ 47,110,522	\$ 12,899,837
Heirs Receive from Deferred Inheritance	\$ -	\$ 9,138,958	\$ 9,138,958
Total Benefits to Family	\$ 34,210,685	\$ 56,249,480	\$ 22,038,795
Family Charity	\$ -	\$ 37,491,419	\$ 37,491,419
Estate and Income Tax	\$ 41,044,615	\$ -	\$ 41,044,615
Present Value of total to Heirs	\$13,538,330	\$22,259,829	
Discount rate for PV calculation	5.00%		

This chart assumes that you die in 2031 and compares the results of the current plan with the proposed plan. Deferred Inheritance is a general approximation based on the long term performance of the TCLAT.

ASSETS PASSING TO YOUR FAMILY - CURRENT VS. PROPOSED

JOHN THOMASON

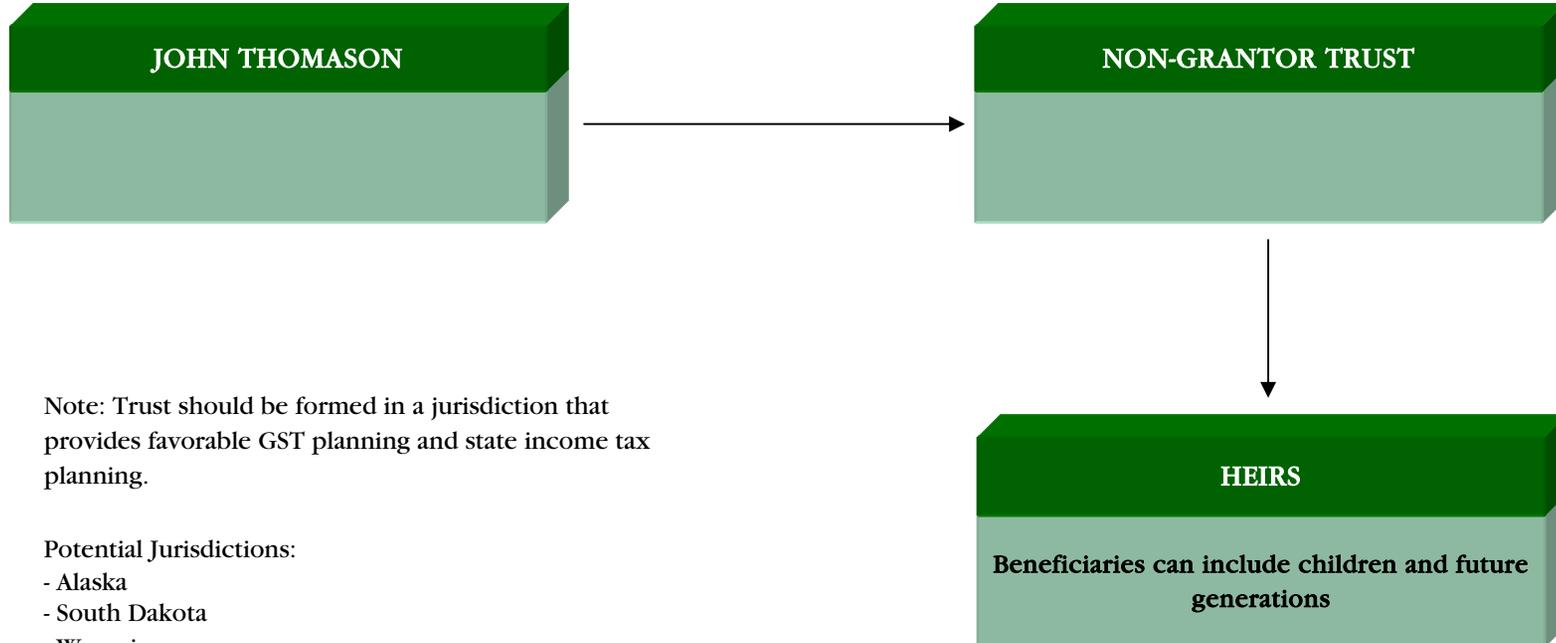


This chart compares the amount of your assets that will pass to heirs after estate taxes and costs of implementation in the current plan as against the proposed plan.

CREATE AN IRREVOCABLE NON-GRANTOR TRUST

JOHN THOMASON

John creates an irrevocable non-grantor trust.
The Trust can be drafted to provide asset protection and long term estate tax savings through the use of dynasty trust provisions.



Note: Trust should be formed in a jurisdiction that provides favorable GST planning and state income tax planning.

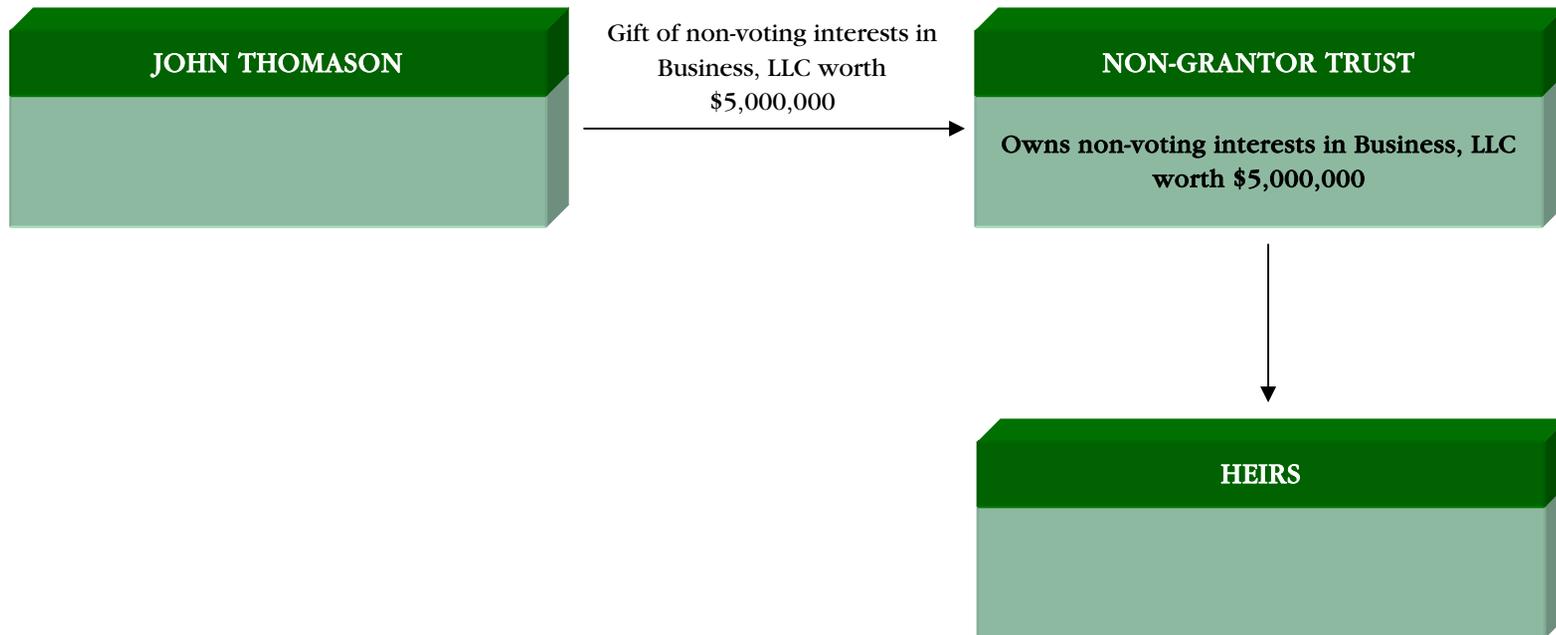
Potential Jurisdictions:

- Alaska
- South Dakota
- Wyoming
- Nevada
- Delaware

GIFT TO NON-GRANTOR TRUST

JOHN THOMASON

John makes a gift of \$5,000,000 of his non-voting interests in Business, LLC (assumed to be 50%) to the Trust. This gift is designed to maximize available gifting exemption with an appreciating asset.



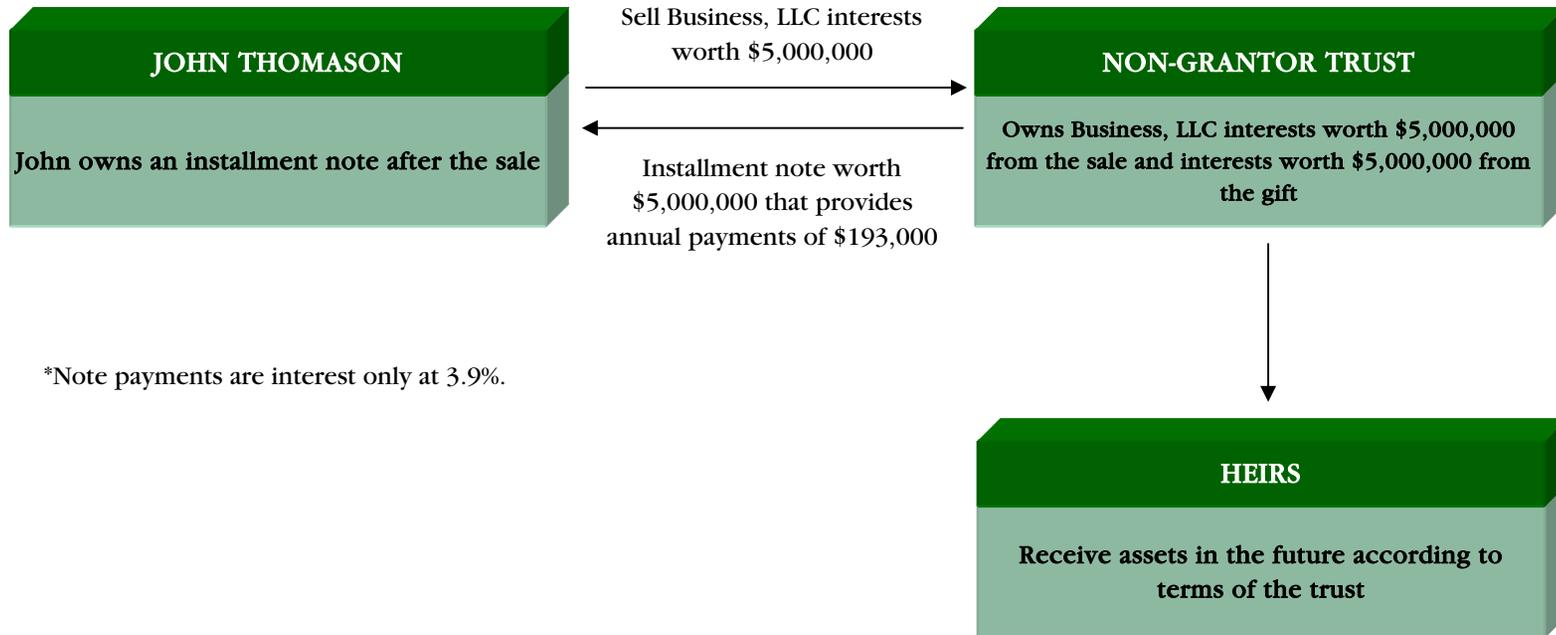
Planning Goals Accomplished:

- Controls assets so inheritance provides opportunities while minimizing problems for children, grandchildren and future generations.
- Reduces estate taxes on appreciating assets
- Provides enhanced asset protection
- Heirs can have access to income generated from assets in the trust, while not being burdened with asset management decisions

SELL BUSINESS, LLC INTERESTS TO TRUST

JOHN THOMASON

John sells remaining non-voting interests in Business, LLC (assumed to be 50%) to the Trust for an installment note.

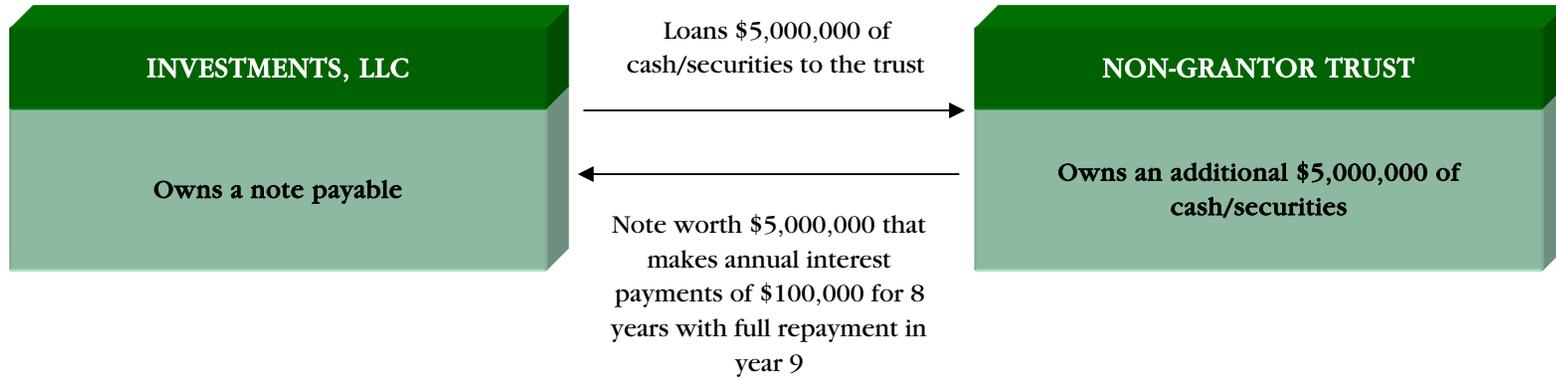


*Note payments are interest only at 3.9%.

LOAN TO TRUST

JOHN THOMASON

Investments, LLC loans \$5,000,000 of cash/securities to the Trust. These loan proceeds will help provide the necessary cash flow to continue reinvesting cash back into the trucking company.

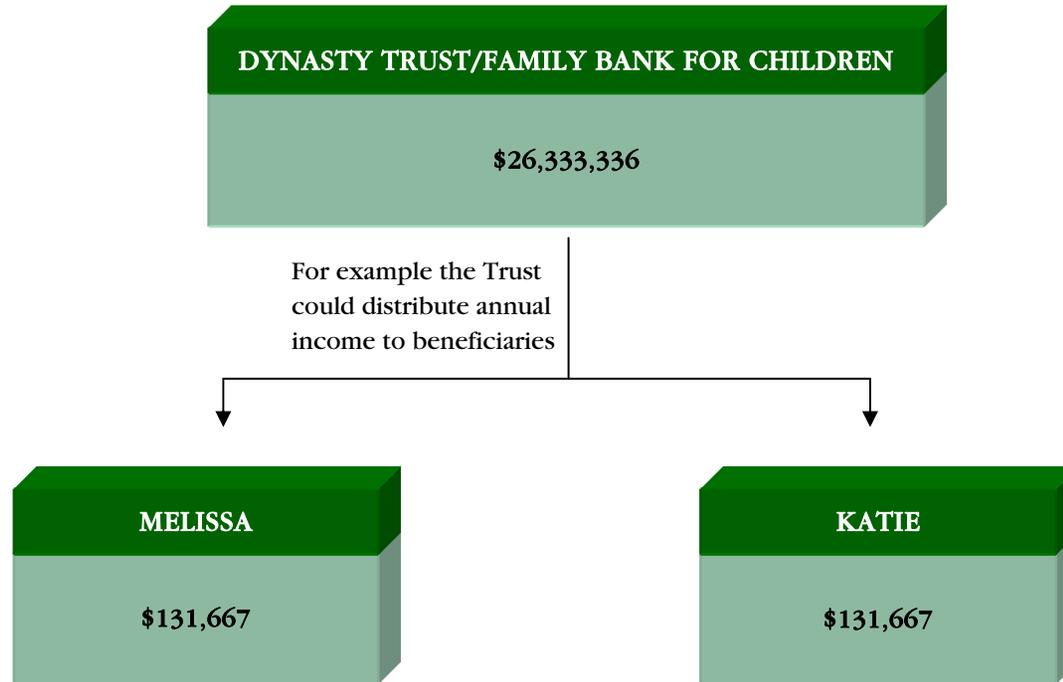


DYNASTY TRUST/FAMILY BANK TO HOLD INHERITANCES

JOHN THOMASON

The Trust should be set-up as a Dynasty Trust. This trust would hold the inheritances for children and future generations in a asset protected and tax advantaged trust, while protecting heirs from having too much too soon.

The example on this page assumes annual distributions of 1% of the total Trust principal. This payout could be higher or lower. In addition, payments of principal could be made for health, education, maintenance, support or other items you feel would be appropriate to allow.



The Trust, acting as a family bank, may lend money to an heir to purchase a home or to start a business but will first assess the appropriateness of the transaction against a set of guidelines that have been drafted into the formation documents.

PURCHASE LIFE INSURANCE IN THE TRUST

JOHN THOMASON

Trustees of the Trust purchase 20 year term life insurance with the Trust assets. This assures an inheritance regardless of the short term performance of the business.



Premium Payment Details

Premium in the amount of \$40,000 is paid with the earnings and capital of the Trust. The premium is scheduled to be paid for 20 years when the policy expires.

The premium is based on certain assumptions. This is for illustration purposes only. Actual insurance numbers can only be determined by applying for insurance.

INSURANCE PREMIUMS

We examined several premium payment options. The term insurance has the lowest cost in terms of net present value. However, insurance is not guaranteed to continue after year 20, as it would with the other policies shown.

YEAR	PRINCIPAL **	PRUDENTIAL	HANCOCK	PRINCIPAL	METLIFE
2011	40,000	887,840	744,760	1,176,460	161,100
2012	40,000	-	-	-	161,100
2013	40,000	-	-	-	161,100
2014	40,000	-	-	-	161,100
2015	40,000	-	-	-	161,100
2016	40,000	-	-	-	161,100
2017	40,000	-	-	-	161,100
2018	40,000	-	-	-	161,100
2019	40,000	-	-	-	161,100
2020	40,000	-	-	-	161,100
2021	40,000	202,100	256,760	-	161,100
2022	40,000	202,100	256,760	-	161,100
2023	40,000	202,100	256,760	-	161,100
2024	40,000	202,100	256,760	-	161,100
2025	40,000	202,100	256,760	-	161,100
2026	40,000	202,100	256,760	-	161,100
2027	40,000	202,100	256,760	-	161,100
2028	40,000	202,100	256,760	-	161,100
2029	40,000	202,100	256,760	-	161,100
2030	40,000	202,100	256,760	-	161,100
NPV of Premiums	498,488	2,331,812	2,597,517	1,120,438	2,007,662

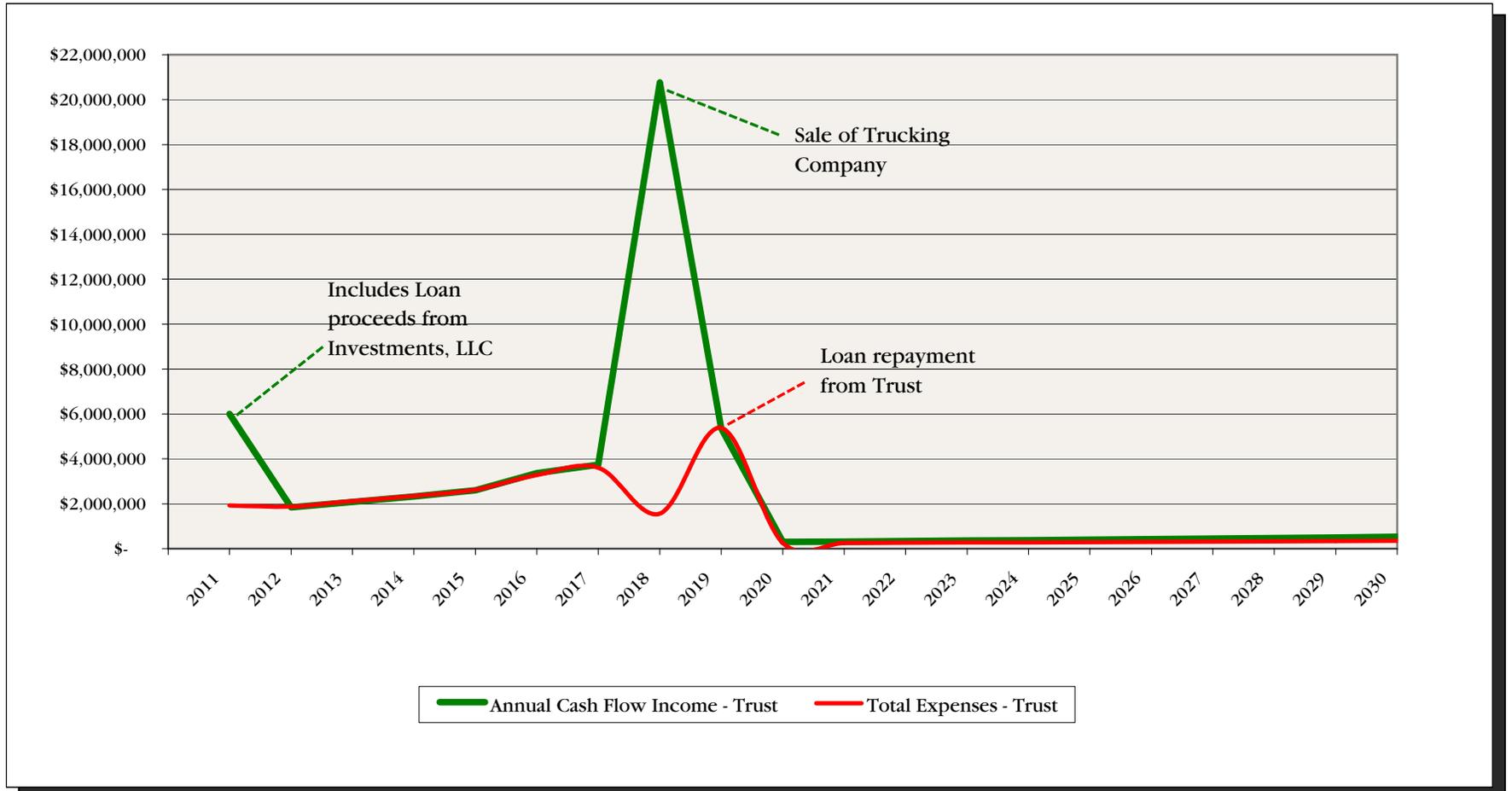
Reflects the present value of premiums paid over 20 years with a discount rate of 5%

All policies would lapse in year 21 without additional premiums paid.

** Principal 20 year term insurance

TRUST SPENDING VS. INCOME - PROPOSED PLAN

JOHN THOMASON



This chart compares cash flow income to cash flow expense inside of the Trust under the proposed plan year by year for 20 years. In years 2011 - 2017, expenses include annual cash reinvestments into the trucking company.

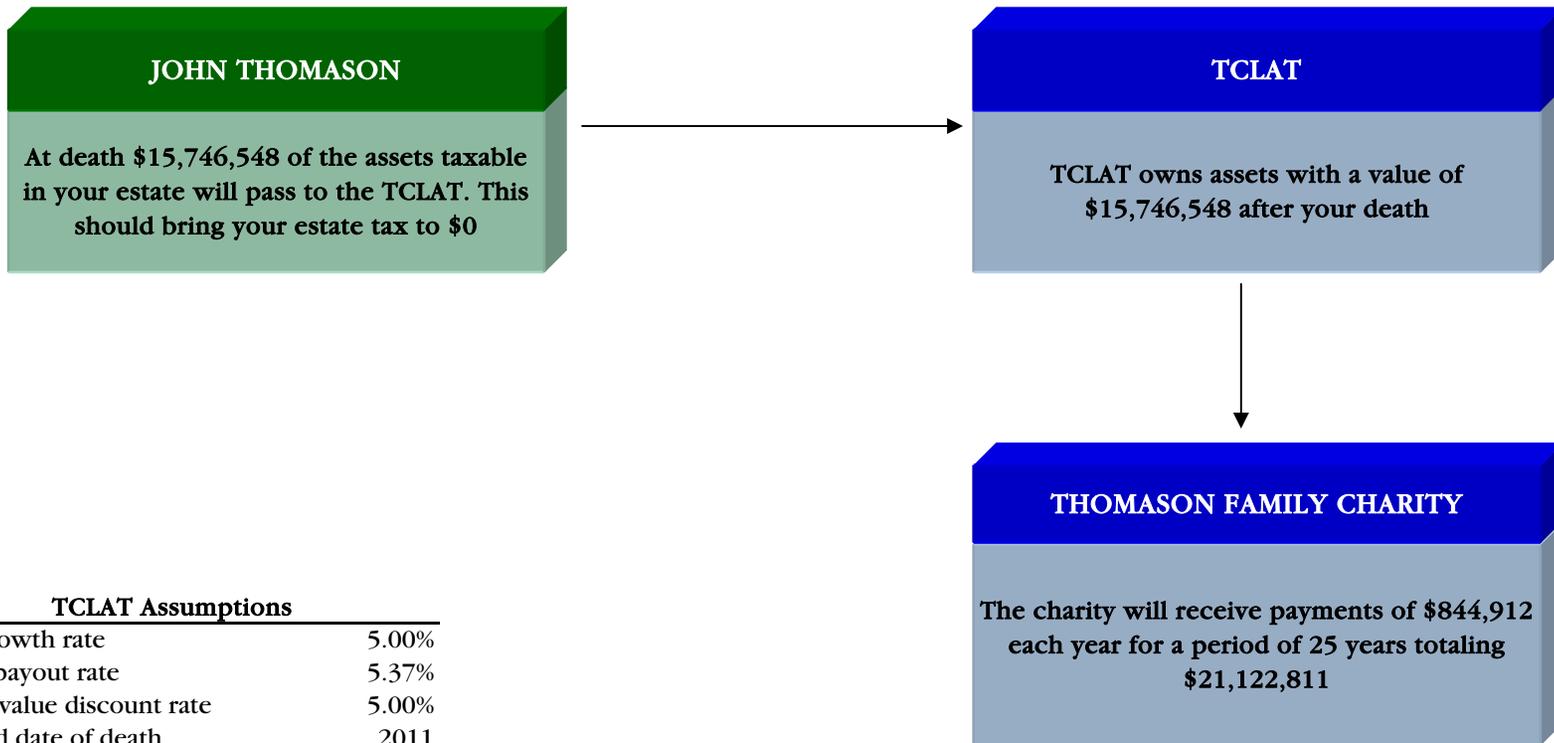
JOHN THOMASON

CHARITABLE PLANNING
OPPORTUNITIES

TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (PART I)

JOHN THOMASON

Include language in your trust or will that creates a testamentary charitable lead trust (TCLAT) at your death.



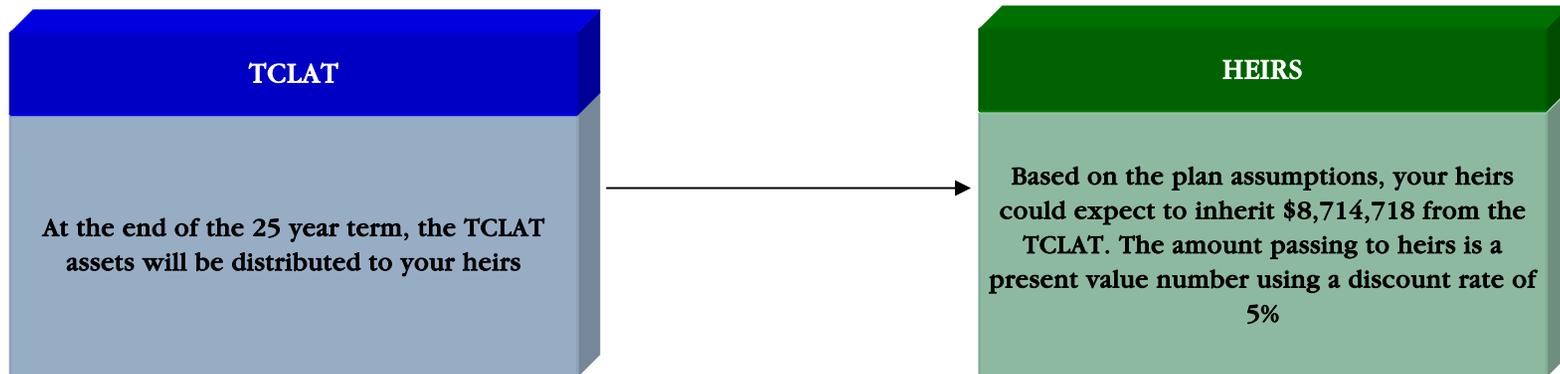
TCLAT Assumptions

Asset growth rate	5.00%
TCLAT payout rate	5.37%
Present value discount rate	5.00%
Assumed date of death	2011

TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (PART II)

JOHN THOMASON

At the end of the TCLAT term, your heirs will receive all of the remaining trust assets.



Note: The amount passing to beneficiaries is entirely dependent on the rate of return of the assets in the trust. A higher rate of return means more passing to heirs and a lower rate of return could mean that nothing passes to heirs.

JOHN THOMASON

ADDITIONAL TAX AND
BUSINESS PLANNING

JOHN THOMASON

INCOME TAX DEFERRED

COMPARISON OF INCOME TAX RESULTS - PLAN YEAR 2011

JOHN THOMASON

	Existing Plan	Proposed Plan	Captive Taxes Deferred	State Tax Saved
2011 Estimated Income Tax	\$ 839,000	\$ 457,000	\$ 350,000	\$ 107,000
2012 Estimated Income Tax	\$ 924,000	\$ 528,000	\$ 350,000	\$ 178,000
2013 Estimated Income Tax	\$ 1,214,000	\$ 674,000	\$ 350,000	\$ 324,000
2014 Estimated Income Tax	\$ 1,339,000	\$ 769,000	\$ 350,000	\$ 419,000
2015 Estimated Income Tax	\$ 1,477,000	\$ 875,000	\$ 350,000	\$ 525,000
5 Year Estimated Tax Deferred			\$ 1,750,000	\$ 1,553,000

Proposed plan income taxes include those of the Trust. Tax amounts are approximations.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2030

JOHN THOMASON

	Proposed Plan - Captive	Proposed Plan - No Captive	Captive Advantage
Estate Value	\$ 36,137,401	\$ 36,137,401	
Heirs Receive Immediately	\$ 64,035,720	\$ 58,309,636	\$ 5,726,084
Heirs Receive from Deferred Inheritance	\$ 8,714,718	\$ 8,714,718	\$ -
Total Benefits to Family	\$ 72,750,437	\$ 67,024,353	\$ 5,726,084
Family Charity	\$ 35,751,027	\$ 35,751,027	\$ -
Estate and Income Tax	\$ -	\$ -	\$ -
Present Value of total to Heirs	\$28,789,818	\$26,523,813	
Discount rate for PV calculation	5.00%		

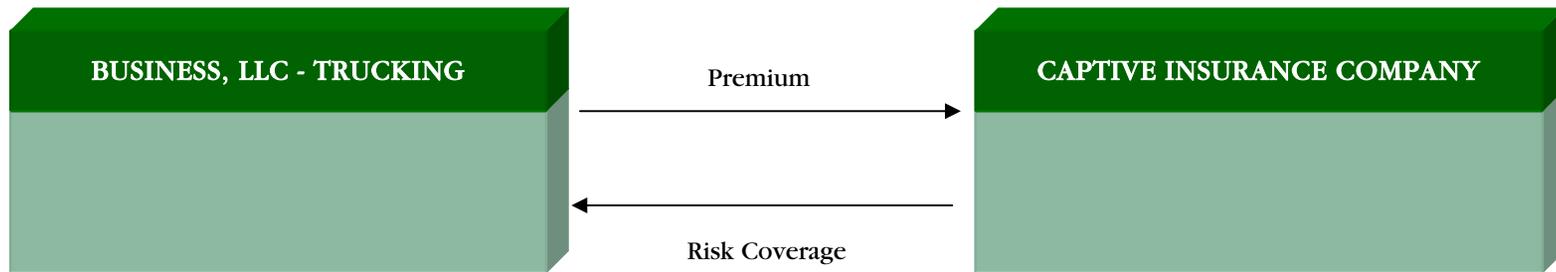
This chart assumes death in 2030, and compares the results of the current plan with the proposed plan without a Captive Insurance Company.

Deferred Inheritance is a general approximation based on the long term performance of the TCLAT.

CREATE A CAPTIVE INSURANCE COMPANY

JOHN THOMASON

You, or a trust, create and own a captive insurance company.
The captive is formed to insure currently insured and uninsured risks of Business, LLC - Trucking.



In the plan we have assumed that the Captive is owned by a trust.
This provides inheritance and estate tax benefits as well as income tax benefits.

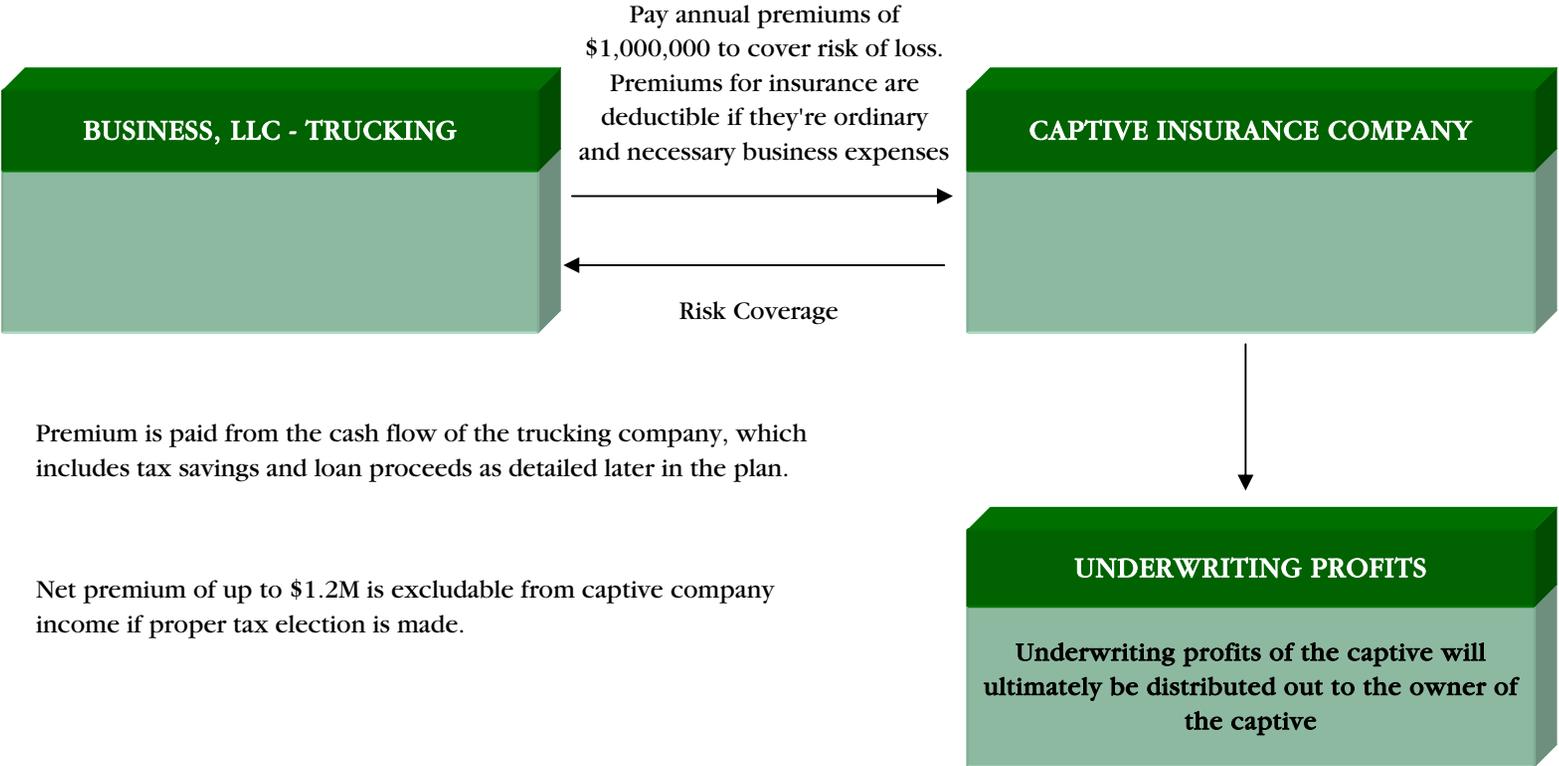
Planning Goals Accomplished:

- Asset protection
- Effective tool for passing a tax advantaged inheritance
- Creates income tax deferral for the company and increases current investment capital

COMPANY INSURES RISKS

JOHN THOMASON

The Captive Insurance Company insures various risks of loss.



Premium is paid from the cash flow of the trucking company, which includes tax savings and loan proceeds as detailed later in the plan.

Net premium of up to \$1.2M is excludable from captive company income if proper tax election is made.

PERIODIC TABLE OF ESTATE PLANNING ELEMENTS - RECOMMENDED

JOHN THOMASON

The highlighted tools are those we have determined are most suited to achieving your goals and objectives.

Charitable Remainder Uni-Trust	412(e)	Family Limited Liability Company	Private Annuity	Grantor Retained Annuity Trust	Charitable Lead Annuity Trust	SCIN
Family LLC	TCLAT	Qualified Personal Residence Trust	Flip CRT	Sale for Installment Note	Series Limited Liability Company	Trust Owned Life Insurance
Premium Finance	Preferred Limited partnership	Long Term Care Insurance	Business, LLC	Maximized Gift to Trust	ILIT	Corporate Recapitalization
Walton GRAT	Private Foundations	Charitable Life Estate	Investments, LLC	Annuity Withdrawal	Asset Protection	Loan to Trust
SPIA/Life in a CLAT	Principal Protected Notes	Revocable Living Trusts, DPAs and POAs	Crummey Powers	Dynasty Trust	International VUL	Irrevocable Non-Grantor Trust
Supporting Organizations	IRA to Charity	Gift Annuity	Remainder Sales	Life Estates	Captive Insurance Company	LLC/CRTs
Bargain Sales	Succession Planning	Risk Management	Charitable Remainder Annuity Trust	ESOP Planning	Defined Benefit Plans	Qualified Plan Limited Partnership

 Green equals a new planning tool for family

 Blue equals a social capital or charitable tool

 Yellow equals an existing planning tool

DETAILED FINANCIAL ANALYSIS

JOHN THOMASON

INTRODUCTION

The following section of the plan contains all of the financial analysis used to show you where you stand with your current plan and what is possible with the proposed plan.

All of the numbers are based on information provided by you or gleaned from statements and tax returns. If numbers do not look correct, please let us know so that we can make the appropriate changes.

Assumed growth and yield numbers are all listed on the Net Worth contained in these sections.

DETAILED FINANCIAL ANALYSIS

JOHN THOMASON

CURRENT PLAN FINANCIALS

In the Current Plan Section you will find a current balance sheet and detailed cash flow and asset projection analysis.

CURRENT NET WORTH STATEMENT

JOHN THOMASON

	JOHN	YIELD	GROWTH
MARKETABLE SECURITIES			
Investments, LLC (100%)	10,130,856	2.0%	5.0%
Total of Marketable Securities	10,130,856	2.0%	5.0%
OTHER INVESTMENTS			
Business, LLC (100%)	10,000,000	20.0%	0.0%
Hobby, LLC (100%)	1	0.0%	5.0%
Total of Other Investments	10,000,001	20.0%	0.0%
RESIDENTIAL REAL ESTATE			
132 Main St.	800,000	0.0%	3.0%
Total of Personal Residences	800,000	0.0%	3.0%
TOTAL ASSETS	20,930,857		
TOTAL LIABILITIES	-		
NET WORTH	20,930,857		

ASSET VALUE PROJECTIONS - EXISTING PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2025	2030
Asset Values									
Marketable securities	10,130,856	10,669,067	11,572,689	12,352,995	15,963,440	17,125,401	18,245,242	26,699,550	36,695,622
Other investments **	10,000,001	11,100,001	12,321,001	13,676,311	20,761,603	18,811,602	19,752,182	26,469,814	33,782,935
Personal residences	800,000	808,925	833,193	858,189	965,899	994,876	1,024,722	1,223,572	1,418,455
Total assets in estate	20,930,857	22,577,993	24,726,883	26,887,495	37,690,942	36,931,880	39,022,146	54,392,936	71,897,012
Net worth	20,930,857	22,577,993	24,726,883	26,887,495	37,690,942	36,931,880	39,022,146	54,392,936	71,897,012

** Includes Business, LLC. After the sale of the trucking company, we assume a growth rate of 5% for the assets inside of Business, LLC.

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row by default.

If there is a cash flow shortage (because of spending or gifting capital) then the shortage is treated as a reduction in marketable securities.

TAXABLE INCOME PROJECTIONS - EXISTING PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2025	2030
Sources of taxable income									
Marketable securities		202,617	213,381	231,454	299,623	319,269	342,508	501,121	688,659
Other investments **		2,000,000	2,220,000	2,464,200	3,740,829	-	376,232	504,187	643,484
Cap Gains from Sale of Trucking Company		-	-	-	-	6,500,001	-	-	-
Client earned income		287,808	287,808	287,808	287,808	-	-	-	-
Gross income		2,490,425	2,721,189	2,983,462	4,328,260	6,819,270	718,740	1,005,308	1,332,144

** Income from Business, LLC. After the sale of the trucking company, we assume a yield of 2% on the assets inside of Business, LLC.

INCOME TAX PROJECTIONS - EXISTING PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2025	2030
Income tax Estimation									
Adjusted gross income:									
Dividend income (marketable sec.)		202,617	213,381	231,454	299,623	319,269	342,508	501,121	688,659
Capital Gains Income		-	-	-	-	6,500,001	-	-	-
Earned and other income		2,287,808	2,507,808	2,752,008	4,028,637	-	376,232	504,187	643,484
Adjusted gross income		2,490,425	2,721,189	2,983,462	4,328,260	6,819,270	718,740	1,005,308	1,332,144
Deductions									
Real estate tax		12,495	12,870	13,256	14,920	15,367	15,828	18,900	21,910
State income taxes		136,973	149,665	164,090	238,054	375,060	39,531	55,292	73,268
Interest		35,423	36,486	37,580	42,297	43,566	44,873	53,580	62,114
Charitable gifts		117,859	121,395	125,037	140,730	144,952	149,300	178,272	206,666
Charitable Deduction available		117,859	121,395	125,037	140,730	144,952	149,300	178,272	206,666
Charitable Deduction allowed		117,859	121,395	125,037	140,730	144,952	149,300	178,272	206,666
Total deductions		302,750	320,416	339,963	436,001	578,945	249,532	306,045	363,959
Reductions		-	-	(84,500)	(124,844)	(199,574)	(16,558)	(25,155)	(34,960)
Deductions allowed		302,750	320,416	255,463	311,157	379,371	232,974	280,889	328,999
Taxable income		2,187,675	2,400,774	2,727,998	4,017,103	6,439,900	485,766	724,418	1,003,145
Federal and State income tax		839,450	924,021	1,214,300	1,798,749	1,659,505	201,816	312,084	440,435

CASH FLOW PROJECTIONS - EXISTING PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2025	2030
Sources of income for Lifestyle									
Return of Basis in Trucking Company		-	-	-	-	14,261,601	-	-	-
Consumable income (taxable)	2,490,425	2,721,189	2,983,462	4,328,260	6,819,270	718,740	1,005,308	1,332,144	1,332,144
Total income available for lifestyle	2,490,425	2,721,189	2,983,462	4,328,260	21,080,872	718,740	1,005,308	1,332,144	1,332,144
Uses of Cash									
Living expenses	200,000	206,000	212,180	238,810	245,975	253,354	302,518	350,701	350,701
Income tax	839,450	924,021	1,214,300	1,798,749	1,659,505	201,816	312,084	440,435	440,435
Reinvestment into Business, LLC ¹	1,100,000	1,221,000	1,355,310	2,057,456	18,811,602	-	-	-	-
Total uses of cash	2,139,450	2,351,021	2,781,790	4,095,015	20,717,082	455,170	614,601	791,137	791,137
Surplus	350,975	370,168	201,672	233,244	363,790	263,570	390,706	541,007	541,007

¹ Assumes 55% of profits from Business, LLC are reinvested back into the business.

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row on the "Asset Value Projections" 3 pages earlier.

If there is a cash flow shortage (spending or gifting capital) then the shortage is treated as a reduction in marketable securities row on the "Asset Value Projections" 3 pages earlier.

ESTATE TAX ESTIMATION AND DISTRIBUTION - EXISTING PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2025	2030
Tax Calculation on John's death									
John's assets	20,930,857	22,577,993	24,726,883	26,887,495	37,690,942	36,931,880	39,022,146	54,392,936	71,897,012
John's estimated estate	20,930,857	22,577,993	24,726,883	26,887,495	37,690,942	36,931,880	39,022,146	54,392,936	71,897,012
Settlement expenses	(234,309)	(250,780)	(272,269)	(293,875)	(401,909)	(394,319)	(415,221)	(568,929)	(743,970)
John's taxable estate	20,696,548	22,327,213	24,454,614	26,593,620	37,289,032	36,537,561	38,606,925	53,824,006	71,153,042
Tax base	20,696,548	22,327,213	24,454,614	26,593,620	37,289,032	36,537,561	38,606,925	53,824,006	71,153,042
Federal Estate Tax	5,493,792	6,064,525	6,767,115	14,280,691	20,163,168	19,749,858	20,888,009	29,257,404	38,788,373
Total Estate Tax Due	5,493,792	6,064,525	6,767,115	14,280,691	20,163,168	19,749,858	20,888,009	29,257,404	38,788,373
Distribution of John's estate									
Settlement expenses	234,309	250,780	272,269	293,875	401,909	394,319	415,221	568,929	743,970
Taxes	5,493,792	6,064,525	6,767,115	14,280,691	20,163,168	19,749,858	20,888,009	29,257,404	38,788,373
Residual estate to heirs	15,202,756	16,262,688	17,687,499	12,312,929	17,125,864	16,787,702	17,718,916	24,566,603	32,364,669
Total	20,930,857	22,577,993	24,726,883	26,887,495	37,690,942	36,931,880	39,022,146	54,392,936	71,897,012

SUMMARY OF BENEFITS TO FAMILY - EXISTING PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2025	2030
Benefits to Family									
Residual estate	15,202,756	16,262,688	17,687,499	12,312,929	17,125,864	16,787,702	17,718,916	24,566,603	32,364,669
Total assets to heirs	15,202,756	16,262,688	17,687,499	12,312,929	17,125,864	16,787,702	17,718,916	24,566,603	32,364,669

DETAILED FINANCIAL ANALYSIS

JOHN THOMASON

PROPOSED PLAN FINANCIALS

In the Proposed Plan Section you will find a balance sheet which reflects the repositioning of assets as set out in the step by step roadmap in the proceeding section. You will also find detailed cash flow and asset projection information on each of the proposed planning strategies.

NET WORTH STATEMENT AFTER PLAN IMPLEMENTATION

JOHN THOMASON

	JOHN	YIELD	GROWTH
MARKETABLE SECURITIES			
Investments, LLC (100%)	10,130,856	2.0%	5.0%
Total of Marketable Securities	10,130,856	2.0%	5.0%
OTHER INVESTMENTS			
Hobby, LLC (100%)	1	0.0%	5.0%
Total of Other Investments	1	0.0%	5.0%
RESIDENTIAL REAL ESTATE			
132 Main St.	800,000	0.0%	3.0%
Total of Personal Residences	800,000	0.0%	3.0%
OTHER STRATEGY ASSETS			
GDOT Note	5,000,000	3.9%	
Total of Other Strategy Assets	5,000,000	3.9%	
TOTAL ASSETS	15,930,857		
TOTAL LIABILITIES	-		
NET WORTH	15,930,857		

ASSET VALUE PROJECTIONS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Asset Values									
Marketable securities - Equities	10,130,856	5,720,398	6,333,007	6,934,586	9,685,352	10,304,047	15,955,849	16,892,651	29,718,946
Other investments	1	1	1	1	1	-	-	-	-
Loan to Trust	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	-	-	-
Personal residences	800,000	808,925	833,193	858,189	965,899	994,876	1,024,722	1,055,464	1,418,455
Note from children's GDOT	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total assets in estate	15,930,857	16,529,324	17,166,201	17,792,776	20,651,253	21,298,923	21,980,571	22,948,115	36,137,401
Net worth	15,930,857	16,529,324	17,166,201	17,792,776	20,651,253	21,298,923	21,980,571	22,948,115	36,137,401

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row by default.

If there is a cash flow shortage (because of spending or gifting capital) then the shortage is treated as a reduction in marketable securities.

TAXABLE INCOME PROJECTIONS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Marketable securities - Equities		202,617	114,408	126,660	178,841	193,707	206,081	319,117	561,915
Interest Payment from Trust Note		193,000	193,000	193,000	193,000	193,000	193,000	193,000	193,000
Interest Payments from Loan to Trust		100,000	100,000	100,000	100,000	100,000	100,000	-	-
Client earned income		287,808	287,808	287,808	287,808	-	-	-	-
Gross income		783,425	695,216	707,468	759,649	486,707	499,081	512,117	754,915

INCOME TAX PROJECTIONS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Income Tax Estimation									
Adjusted gross income:									
Dividend income (Marketable Sec.)		202,617	114,408	126,660	178,841	193,707	206,081	319,117	561,915
Earned and other income		580,808	580,808	580,808	580,808	293,000	293,000	193,000	193,000
Adjusted gross income		783,425	695,216	707,468	759,649	486,707	499,081	512,117	754,915
Deductions									
Real Estate Tax		12,495	12,870	13,256	14,920	15,367	15,828	16,303	21,910
State income taxes		43,088	38,237	38,911	41,781	26,769	27,449	28,166	41,520
Interest		35,423	36,486	37,580	42,297	43,566	44,873	46,219	62,114
Cash charitable gifts		117,859	121,395	125,037	140,730	144,952	149,300	153,779	206,666
Deduction available		117,859	121,395	125,037	140,730	144,952	149,300	153,779	206,666
Deduction allowed		117,859	121,395	125,037	140,730	144,952	149,300	153,779	206,666
Total deductions		208,865	208,987	214,784	239,727	230,654	237,451	244,468	332,211
Reductions		-	-	(16,220)	(17,785)	(9,597)	(9,968)	(10,360)	(17,643)
Deductions allowed		208,865	208,987	198,564	221,942	221,056	227,482	234,108	314,568
Taxable income		574,560	486,229	508,905	537,707	265,651	271,599	278,009	440,347
Federal and State income tax		181,119	162,627	210,359	224,635	106,306	109,127	112,152	185,820

CASH FLOW PROJECTIONS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Sources of Income for Lifestyle									
Consumable income (taxable)		783,425	695,216	707,468	759,649	486,707	499,081	512,117	754,915
Repayment of Loan to Trust		-	-	-	-	-	5,000,000	-	-
Distribution from Marketable Securities		4,597,694	-	-	-	-	-	-	-
Total income available for lifestyle		5,381,119	695,216	707,468	759,649	486,707	5,499,081	512,117	754,915
Uses of Cash									
Living expenses		200,000	206,000	212,180	238,810	245,975	253,354	260,955	350,701
Income tax		181,119	162,627	210,359	224,635	106,306	109,127	112,152	185,820
Loan to Trust		5,000,000	-	-	-	-	-	-	-
Total uses of cash		5,381,119	368,627	422,539	463,445	352,280	362,481	373,107	536,521
Surplus		-	326,589	284,929	296,204	134,427	5,136,599	139,010	218,394

In the event that there is a cash flow surplus, the surplus is added to the marketable securities row on the "Asset Value Projections" 3 pages earlier.

If there is a cash flow shortage (spending or gifting capital) then the shortage is treated as a reduction in marketable securities row on the "Asset Value Projections" 3 pages earlier.

ESTATE TAX ESTIMATION AND DISTRIBUTION - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Tax Calculation on John's death									
John's assets	15,930,857	16,529,324	17,166,201	17,792,776	20,651,253	21,298,923	21,980,571	22,948,115	36,137,400.8
John's estimated estate	15,930,857	16,529,324	17,166,201	17,792,776	20,651,253	21,298,923	21,980,571	22,948,115	36,137,401
Settlement expenses	(184,309)	(190,293)	(196,662)	(202,928)	(231,513)	(237,989)	(244,806)	(254,481)	(386,374)
Charitable deduction from TCLAT	(15,746,548)	(16,339,031)	(16,849,539)	(17,589,848)	(20,419,740)	(21,060,933)	(21,735,765)	(22,693,634)	(35,751,027)
Taxable estate	0	0	120,000	0	0	0	0	0	0
Plus John's lifetime taxable gifts	5,000,000	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tax base	5,000,000	5,000,000	5,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Federal Estate Tax	-	-	-	-	-	-	-	-	-
Distribution of Estate									
Settlement expenses	184,309	190,293	196,662	202,928	231,513	237,989	244,806	254,481	386,374
Taxes	-	-	-	-	-	-	-	-	-
Residual estate to heirs	-	-	120,000	-	-	-	-	-	-
Contribution to TCLAT	15,746,548	16,339,031	16,849,539	17,589,848	20,419,740	21,060,933	21,735,765	22,693,634	35,751,027
Total	15,930,857	16,529,324	17,166,201	17,792,776	20,651,253	21,298,923	21,980,571	22,948,115	36,137,401

SUMMARY OF BENEFITS TO FAMILY - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Benefits to Family									
Residual estate	-	-	120,000	-	-	-	-	-	-
Value of Trust	5,000,000	5,140,836	5,945,438	6,866,374	13,573,989	12,165,448	13,297,487	14,285,845	28,330,564
Life insurance proceeds GDOT	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Captive Insurance Accumulation	250,000	1,192,500	2,205,975	3,290,393	6,517,081	6,973,277	7,461,406	7,983,705	15,705,156
NPV of TCLAT benefits to children	3,838,400	3,982,824	4,107,266	4,287,725	4,977,543	5,133,841	5,298,339	5,531,830	8,714,718
Total assets to heirs	29,088,400	30,316,160	32,378,679	34,444,492	45,068,613	44,272,566	46,057,232	47,801,380	72,750,437

CAPTIVE INSURANCE COMPANY DETAILS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Balance Sheet									
Assets									
Initial Capitalization (non-deductible)	250,000	267,500	286,225	306,261	401,445	429,547	459,615	491,788	967,421
Captive Insurance Company	-	925,000	1,919,750	2,984,133	6,115,636	6,543,730	7,001,792	7,491,917	14,737,735
Total (<i>Marketable Securities</i>)*	250,000	1,192,500	2,205,975	3,290,393	6,517,081	6,973,277	7,461,406	7,983,705	15,705,156
These are gross numbers subject to potential claims against the captive insurance company.									
* Assumes 7.0% annual growth on profits and reserves.									
Assets in Captive	\$ 250,000	\$ 1,192,500	\$ 2,205,975	\$ 3,290,393	\$ 6,517,081	\$ 6,973,277	\$ 7,461,406	\$ 7,983,705	\$ 15,705,156

CAPTIVE INSURANCE COMPANY DETAILS - PROPOSED PLAN

(Continued)

CIC Cash Flow	Current	2011	2012	2013	2017	2018	2019	2020	2030
Income									
Misc		-	-	-	-	-	-	-	-
Premium Income (5 years)		1,000,000	1,000,000	1,000,000	-	-	-	-	-
Total Income		1,000,000	1,000,000	1,000,000	-	-	-	-	-
Initial Captive Capitalization		250,000	-	-	-	-	-	-	-
Expenses									
Captive Management Fees		-	(70,000)	(70,000)	-	-	-	-	-
First Year Feasibility and Set Up		(75,000)	-	-	-	-	-	-	-
Net Income (Cash Flow)		925,000	930,000	930,000	-	-	-	-	-
Taxable Income	Current	2011	2012	2013	2017	2018	2019	2020	2030
Dividend income (Marketable Sec.)		-	-	-	-	-	-	-	-
Initial Captive Set up Fee (Amortized deduction)		(15,000)	(15,000)	(15,000)	-	-	-	-	-
831(b) Premium Exclusion		(1,000,000)	(1,000,000)	(1,000,000)	-	-	-	-	-
Misc		-	-	-	-	-	-	-	-
Taxable Income		(1,015,000)	(1,015,000)	(1,015,000)	-	-	-	-	-

NON-GRANTOR TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Trust Balance Sheet									
Business, LLC Interests Sold for Note	5,000,000	5,550,000	6,160,500	6,838,155	10,380,801	9,606,221	7,598,415	8,015,077	14,013,694
Seed Gift - Business, LLC Interests	5,000,000	5,550,000	6,160,500	6,838,155	10,380,801	9,606,221	7,598,415	8,015,077	14,013,694
Proceeds from Investments, LLC Loan	-	4,040,836	3,624,438	3,190,064	2,812,388	2,953,007	3,100,657	3,255,690	5,303,176
Loan from Investments, LLC	-	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	-	-	-
Note payable to John	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Net equity	5,000,000	5,140,836	5,945,438	6,866,374	13,573,989	12,165,448	13,297,487	14,285,845	28,330,564
Trust Income Tax Estimation									
Captive Premium Payments		(1,015,000)	(1,015,000)	(1,015,000)	-	-	-	-	-
Business, LLC		2,000,000	2,220,000	2,464,200	3,740,829	-	384,249	303,937	529,184
Cap Gains from Sale of Trucking Company		-	-	-	-	6,500,001	-	-	-
Earnings from reinvestment acct./Seed Gift		-	80,817	72,489	50,850	56,248	59,060	62,013	101,013
Note Interest Payment Deduction		(193,000)	(193,000)	(193,000)	(193,000)	(193,000)	(193,000)	(193,000)	(193,000)
Total earnings		792,000	1,092,817	1,328,689	3,598,679	6,363,249	250,309	172,950	437,197
Trust Cash Flow									
Distribution from Investments, LLC Loan		-	618,440	615,596	-	-	4,976,233	-	-
Cash flow from Business, LLC		1,000,000	1,220,000	1,464,200	3,740,829	20,761,603	384,249	303,937	529,184
Reinvestment into Business, LLC ¹		(1,100,000)	(1,221,000)	(1,355,310)	(2,057,456)	-	-	-	-
Loan from Investments, LLC		5,000,000	-	-	-	-	-	-	-
Investments, LLC Loan Repayment		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(5,100,000)	-	-
Initial Captive Capitalization		(250,000)	-	-	-	-	-	-	-
Cash flow from reinvestment acct./SeedGift		-	80,817	72,489	50,850	56,248	59,060	62,013	101,013
Installment Note payments to John		(193,000)	(193,000)	(193,000)	(193,000)	(193,000)	(193,000)	(193,000)	(193,000)
Trust Income Taxes		(276,165)	(365,257)	(463,975)	(1,258,472)	(1,272,410)	(86,542)	(59,466)	(151,953)
Insurance Premium		(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Excess Cash		4,040,836	-	-	142,752	19,212,441	-	73,483	245,244
¹ Assumes 55% of profits from Business, LLC are reinvested back into the business.									
GDOT Insurance									
Net death benefit	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
All Pay Premium		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

TESTAMENTARY CHARITABLE LEAD TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
Charitable Lead Annuity Trust									
Balance Sheet									
Tot. value of TCLAT assets	15,746,548	16,339,031	16,849,539	17,589,848	20,419,740	21,060,933	21,735,765	22,693,634	35,751,027
Annual payment to charity if death occurs in the column year	844,912	876,703	904,096	943,818	1,095,662	1,130,066	1,166,276	1,217,672	1,918,293
Benefits to Charity									
NPV of TCLAT income distributions*	15,746,548	16,339,031	16,849,539	17,589,848	20,419,740	21,060,933	21,735,765	22,693,634	35,751,027
Total of TCLAT distributions*	21,122,811	21,917,581	22,602,389	23,595,459	27,391,546	28,251,659	29,156,895	30,441,804	47,957,314
Benefits to Children									
Future Benefits to Heirs from TCLAT*	12,998,183	13,487,255	13,908,660	14,519,758	16,855,727	17,385,008	17,942,056	18,732,741	29,511,127
NPV of benefits to children*	3,838,400	3,982,824	4,107,266	4,287,725	4,977,543	5,133,841	5,298,339	5,531,830	8,714,718

Note: NPV of benefits to heirs assumes a 5% linear growth of TCLAT assets. A higher actual rate of growth would mean more money to the heirs while a lower actual rate of growth would mean less money to the heirs.

*The values shown passing to charity and to heirs vary from year to year based on the projected size of your estate, and the applicable tax law.

BENEFITS TO THOMASON FAMILY CHARITY - PROPOSED PLAN

YEAR	Current	2011	2012	2013	2017	2018	2019	2020	2030
NPV of TCLAT income distributions	15,746,548	16,339,031	16,849,539	17,589,848	20,419,740	21,060,933	21,735,765	22,693,634	35,751,027
Total benefits to foundation	15,746,548	16,339,031	16,849,539	17,589,848	20,419,740	21,060,933	21,735,765	22,693,634	35,751,027

PLAN ASSUMPTIONS

JOHN THOMASON

The plan is based on numerous assumptions. Important among these are the yield and growth assumptions contained on the balance sheet in the Financial Analysis section. Other important assumptions are contained on this Plan Assumptions page.

Tax Rate Assumptions

State Income Tax Rate		5.5%
-----------------------	--	------

7520 Rates

Highest rate	2.9%	May, 2011
--------------	------	-----------

Current rate	2.4%	July, 2011
--------------	------	------------

Lowest rate	2.4%	July, 2011
-------------	------	------------

Long Term AFR Rate

	3.9%	July, 2011
--	------	------------

Salary and Other Earned Income Assumptions

Annual increase in John's earned income		0%
---	--	----

Number of years John's income is expected to continue		7
---	--	---

Lifestyle Need Assumptions

Net annual outlay for John's lifestyle needs, not including gifts or taxes		\$200,000
--	--	-----------

Annual cost of living increase used in the plan		3%
---	--	----

Settlement and Administrative Expenses

Fixed estate settlement costs	\$25,000	
-------------------------------	----------	--

Variable estate settlement costs	1.00% (of assets)	
----------------------------------	-------------------	--

DISCLAIMER AND DISCLOSURE

JOHN THOMASON

InKnowVision, LLC does not give accounting or investment advice to its clients. The effectiveness of any of the strategies described will depend on your individual situation and on a number of complex factors.

You should consult with your other advisors on the accounting and investment implications of the proposed strategies before any strategy is implemented.

Any discussion in this presentation relating to tax, accounting, investments, regulatory, or legal matters is based on our understanding as of the date of this presentation. Rules in these areas are constantly changing and are open to varying interpretations.

Assumption Issues The plan involves numerous assumptions. While we believe that these assumptions are reasonable, it is important to understand that it is a virtual certainty that the actual results will differ from those illustrated. Returns on investment and performance of financial products such as insurance can cause the results to vary. Changes in tax, trust or property laws can cause plan results to vary. Plan implementation that differs from that described in the plan will cause the results to vary. Provision of state law may cause the plan results to vary.

Tax Opinions The IRS has recently issued new rules for tax practitioners regarding covered opinions, reliance opinions and marketed opinions. While this is an arcane area, suffice it to say that these opinions are often obtained by taxpayers for purposes of avoiding penalties. These opinions are obtained at substantial cost and after substantial legal analysis. If you believe that such an opinion would be helpful to you prior to entering into any of the transactions outlined in this plan, you should feel free do so.

Be advised that nothing in this analysis should be construed by you, your advisors or any one else as a covered opinion, reliance opinion, marketed opinion or any other type of opinion regarding any of the transactions or outcomes outlined in this plan.