

Background

Jerry and Susan Carter are both 63. They own and operate a very profitable manufacturing business in a small town. Jerry and Susan spend about \$650,000 a year, giving generously to family (\$200,000/yr.) and their favorite charitable causes (\$150,000/yr.). Although the business provides significant taxable income of over \$5M a year, Jerry and Susan have been re-investing excess cash back into the business to keep it thriving through the latest recession. With assets totaling over \$60M, a growing business and an income tax bill surpassing \$2M/yr., their estate tax and income tax exposure is quickly increasing.

Jerry would like to begin planning his exit from the business. His children are not involved in the business and selling to an outside party that could move the business is out of the question. Carter Manufacturing, Inc. has become a centerpiece for their small town's economy and they would like to ensure its longtime involvement in the community. He has already put a few key employees in place to ensure the company's success as he slowly reduces his involvement in the business. Although they have re-invested all of the excess cash and profit back into the business during recent years, Jerry and Susan have decided to begin pulling \$1M/yr. of excess profit from the business each year for their own use.

There has already been some asset protection done for the family. A holding LLC was created to hold their privately held business interests and a family partnership was created to hold other cash, land and notes receivable from the business. Both the holding LLC and family partnership are owned by an asset protection trust which Jerry and Susan own. They have now hit a point where they want to begin planning for passing their inheritance on in a tax efficient model and also create a family foundation to satisfy their charitable intents during life and at death.

Assets

Two-thirds of Jerry & Susan's wealth is comprised of Carter Manufacturing, Inc. This company provides approx. 95% of their annual income and plays a large role in their ability to cover their lifestyle and charitable needs. They have another \$9M in notes receivable from the company that can provide extensive future liquidity from the company if needed to supplement their lifestyle and gifting needs. There is also approx. \$2M in commercial real estate and \$5M in cash/securities. They also have \$9.5M of personally owned Variable UL and Whole Life Insurance policies.

Goals

The primary planning goals are to:

- Provide for the financial security of the surviving spouse.
- Maintain Carter Manufacturing as a viable company in their hometown after they exit the business.
- Maintain their customary lifestyle and gifting. This should take approx. \$650,000 annually after taxes.
- Eliminate or reduce estate taxes.
- Maintain adequate gifting to their children and grandchildren. Their main priority is providing funds for their grandchildren's educations.
- Maximize the inheritance they leave to their children and grandchildren.
- Establish a family foundation for lifetime and future family charitable giving.



FAMILY WEALTH GOAL ACHIEVER™ - INITIAL

PREPARED FOR:

JERRY AND SUSAN CARTER

June 12, 2012

DRAFT FOR DISCUSSION PURPOSES ONLY

PRESENTED BY

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YOUR GOALS AND OBJECTIVES

JERRY AND SUSAN CARTER


- Provide for the financial security of the surviving spouse.
- Maintain Carter Manufacturing as a viable company in our hometown after we exit the business.
- Maintain our customary lifestyle. This should take about \$300,000 annually after taxes and gifts.
- Maintain adequate liquidity for emergencies and investment opportunities. We prefer to keep at least \$10,000,000 in cash and readily marketable securities.
- Eliminate or reduce estate taxes.
- Maintain adequate gifting to our children and grandchildren. Our main priority is providing funds for our grandchildren's educations.
- Maximize the inheritance we leave for our children and grandchildren.
- Increase the acreage of the family farm land and protect ownership of the family land through future generations.
- Reduce income taxes to the extent possible.
- Establish a family foundation for lifetime and future family charitable giving.
- Asset protection - accomplished with our newly created asset protection Trust.
- Provide for a charitable gift upon death.


PERIODIC TABLE OF ESTATE PLANNING ELEMENTS - RECOMMENDED


JERRY AND SUSAN CARTER

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 Partnership	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	GDOT Owned Life Insurance
Premium Finance	Preferred Limited partnership	Carter Trust - Asset Protection Trust	529 Plans	Gifting	ILIT	Corporate Recapitalization
Walton GRAT	Carter Family Foundation	Charitable Life Estate	NIMCRUT	Annuity Withdrawal	Asset Protection	SPIA/Life Arbitrage
SPIA/Life in a CLAT	Principal Protected Notes	Revocable Living Trusts, DPAs and POAs	Crummey Powers	Dynasty Trust	International VUL	GDOT
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

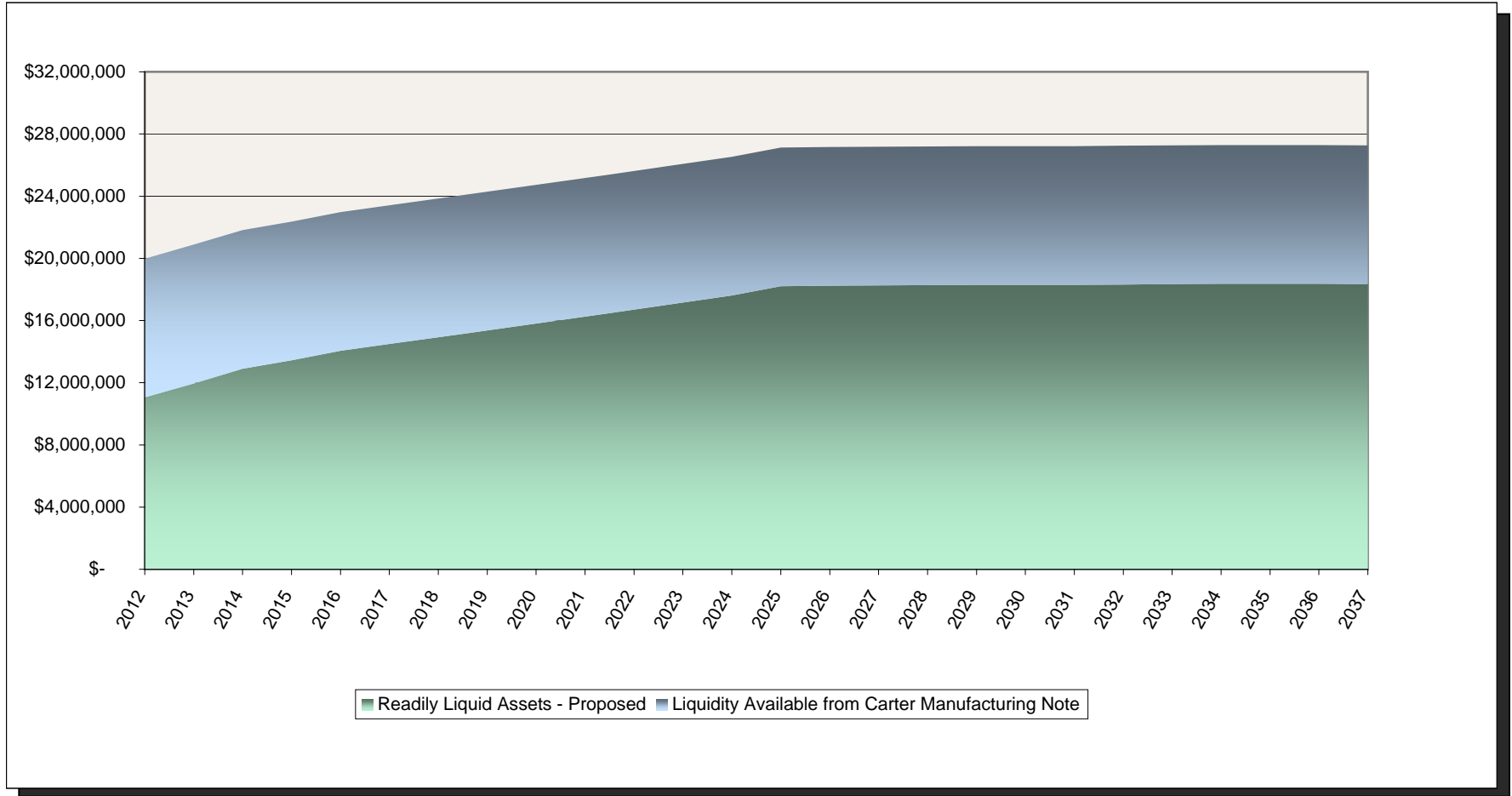
 Yellow equals an existing planning tool

JERRY AND SUSAN CARTER

LIFETIME SPENDING
AND LIQUIDITY

YOUR LIQUID ASSETS AVAILABLE - PROPOSED PLAN

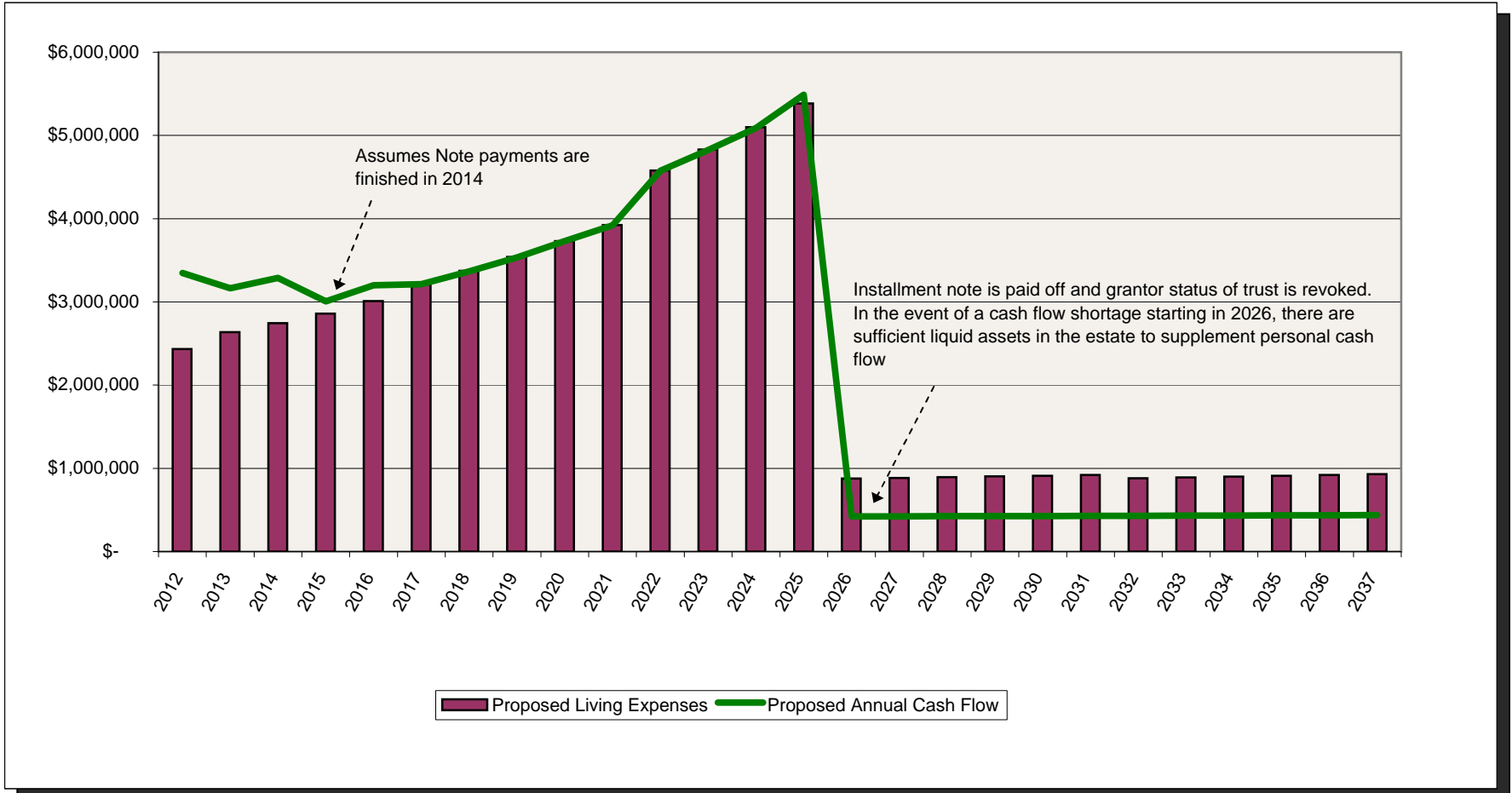
JERRY AND SUSAN CARTER



This illustration reflects the amount of liquid assets available to you during life under the current plan assumptions as against the proposed plan assumptions. Liquid assets include cash, securities, bonds (corporate and municipal), annuities and retirement funds. There is also an outstanding note of \$8.9M from Carter Manufacturing that could produce future personal income if needed.

PERSONAL LIVING EXPENSES vs. AVAILABLE CASH FLOW

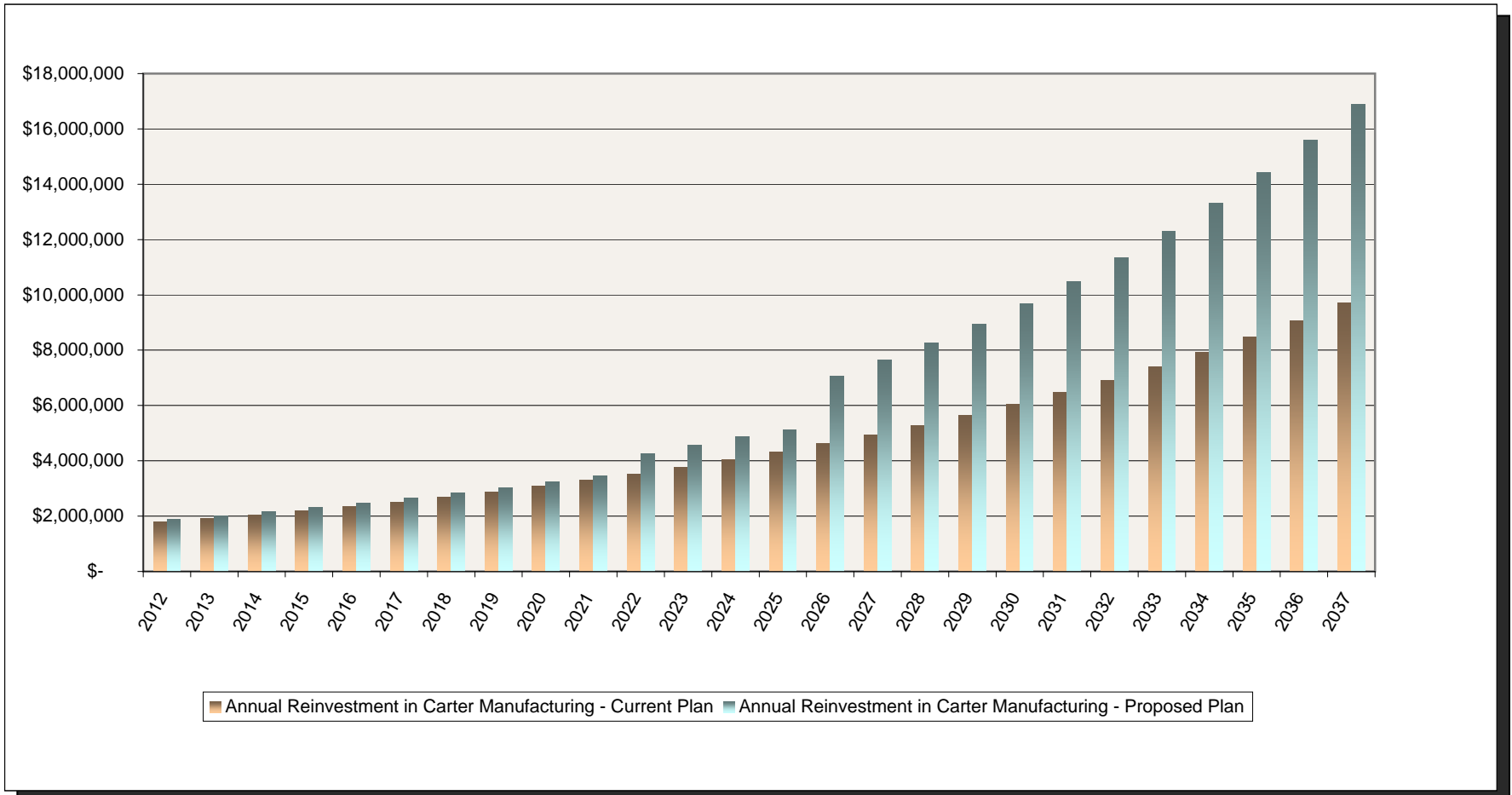
JERRY AND SUSAN CARTER



This illustration compares your living expenses under the proposed plan as against your annual cash flow available. Sources of annual cash flow include: Interest payments on note from Carter Manufacturing and cash/securities investment income from Carter partnership Cash account; Note payments; Carter Manufacturing Wages; Principal and Interest note payments from Trusts.

ANNUAL REINVESTMENT IN CARTER MANUFACTURING- CURRENT VS. PROPOSED

JERRY AND SUSAN CARTER



This reflects the amount of money reinvested back into Carter Manufacturing each year assuming that Jerry & Susan take \$1M of cash/profits out of the company each year in the current plan and approx. \$1M/yr. in the proposed plan. All of the reinvestment in Carter Manufacturing in the proposed plan is happening in an irrevocable trust outside of your taxable estate.

JERRY AND SUSAN CARTER

INCREASE INHERITANCE
AND REDUCE ESTATE TAX

COMPARISON OF PLAN RESULTS - PLAN YEAR 2012

JERRY AND SUSAN CARTER

	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 64,192,083	\$ 56,287,718	
Heirs Receive Immediately	\$ 49,625,689	\$ 46,081,303	\$ (3,544,386)
Heirs Receive from Deferred Inheritance	\$ -	\$ 18,922,998	\$ 18,922,998
Total Benefits to Family	\$ 49,625,689	\$ 65,004,301	\$ 15,378,613
Family Charity	\$ -	\$ 56,778,498	\$ 56,778,498
Estate and Income Tax	\$ 21,218,638	\$ -	\$ 21,218,638

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

COMPARISON OF PLAN RESULTS - PLAN YEAR 2012 - NO TCLAT

JERRY AND SUSAN CARTER

	Existing Plan	Proposed Plan - No TCLAT	Advantage
Estate Value	\$ 64,192,083	\$ 56,287,718	
Heirs Receive Immediately	\$ 49,625,689	\$ 82,682,570	\$ 33,056,881
Total Benefits to Family	\$ 49,625,689	\$ 82,682,570	\$ 33,056,881
Family Charity	\$ -	\$ 468,856	\$ 468,856
Estate and Income Tax	\$ 21,218,638	\$ 19,708,375	\$ 1,510,264

This chart assumes that you both die this year and compares the results of the current plan and the proposed plan, assuming no TCLAT.

COMPARISON OF PLAN RESULTS - PLAN YEAR 2037

JERRY AND SUSAN CARTER

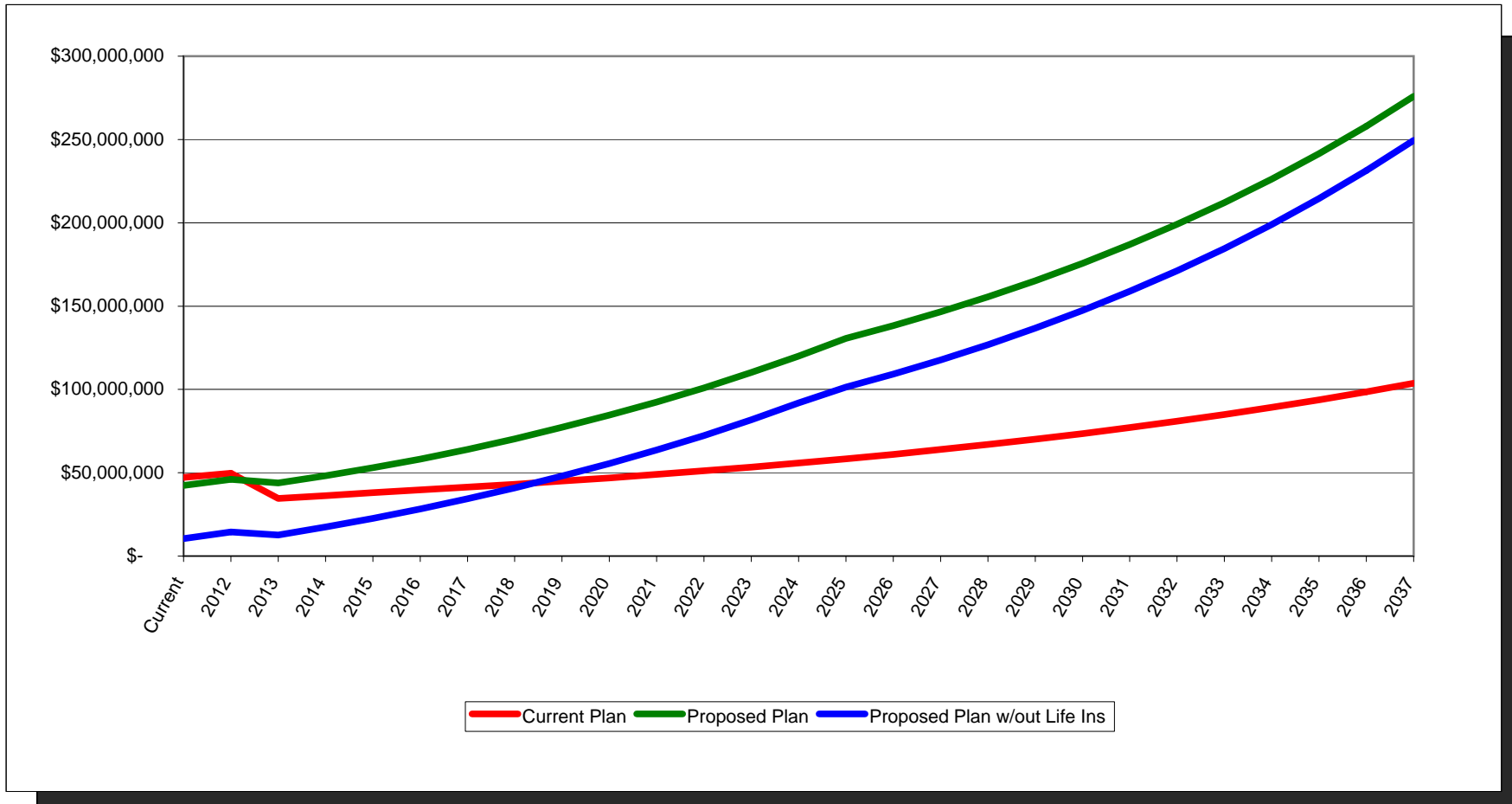
	Existing Plan	Proposed Plan	Advantage
Estate Value	\$ 223,870,289	\$ 28,742,218	
Heirs Receive Immediately	\$ 103,696,294	\$ 275,820,134	\$ 172,123,841
Heirs Receive from Deferred Inheritance	\$ -	\$ 11,796,893	\$ 11,796,893
Total Benefits to Family	\$ 103,696,294	\$ 287,617,028	\$ 183,920,734
Family Charity	\$ -	\$ 35,784,892	\$ 35,784,892
Estate and Income Tax	\$ 124,795,955	\$ -	\$ 124,795,955
Present Value of total to Heirs	\$49,525,927	\$137,367,494	
Discount rate for PV calculation	3.00%		

This chart assumes that you both die at life expectancy and compares the results of the current plan with the proposed plan.

The present value of the total passing to heirs is our attempt to put inheritance into today's dollars to provide perspective. We are using an inflation rate of 3% to calculate the present value numbers.

ASSETS PASSING TO YOUR FAMILY - CURRENT VS. PROPOSED

JERRY AND SUSAN CARTER



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. There may be additional funds available to heirs. We have not included them here because of the speculative nature of the inheritance from a TCLAT remainder.

INTRODUCTION TO THE PLAN STRATEGIES ROADMAP

JERRY AND SUSAN CARTER

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.

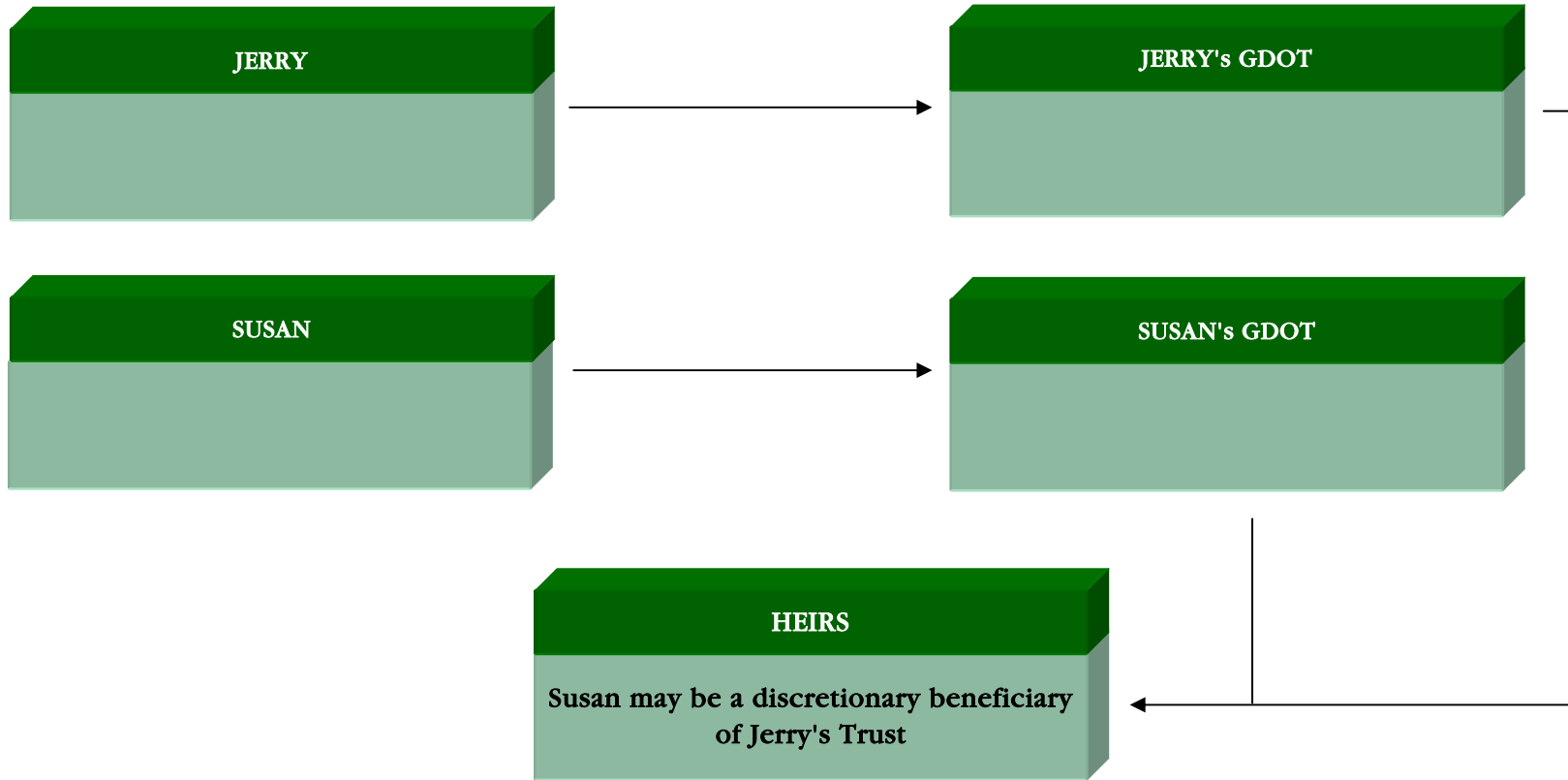
Also keep in mind that there is often more than one way to get from point A to point B. This is true in wealth transfer planning. If a particular strategy or combination of strategies is not acceptable to you, we may be able to reach the desired result in a less efficient but perhaps more acceptable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

CREATE GRANTOR DEEMED OWNER TRUSTS

JERRY AND SUSAN CARTER

Jerry and Susan create individual grantor deemed owner trusts (GDOT).
The GDOTs can be drafted to provide asset protection and long term estate tax savings through the use of dynasty trust provisions.

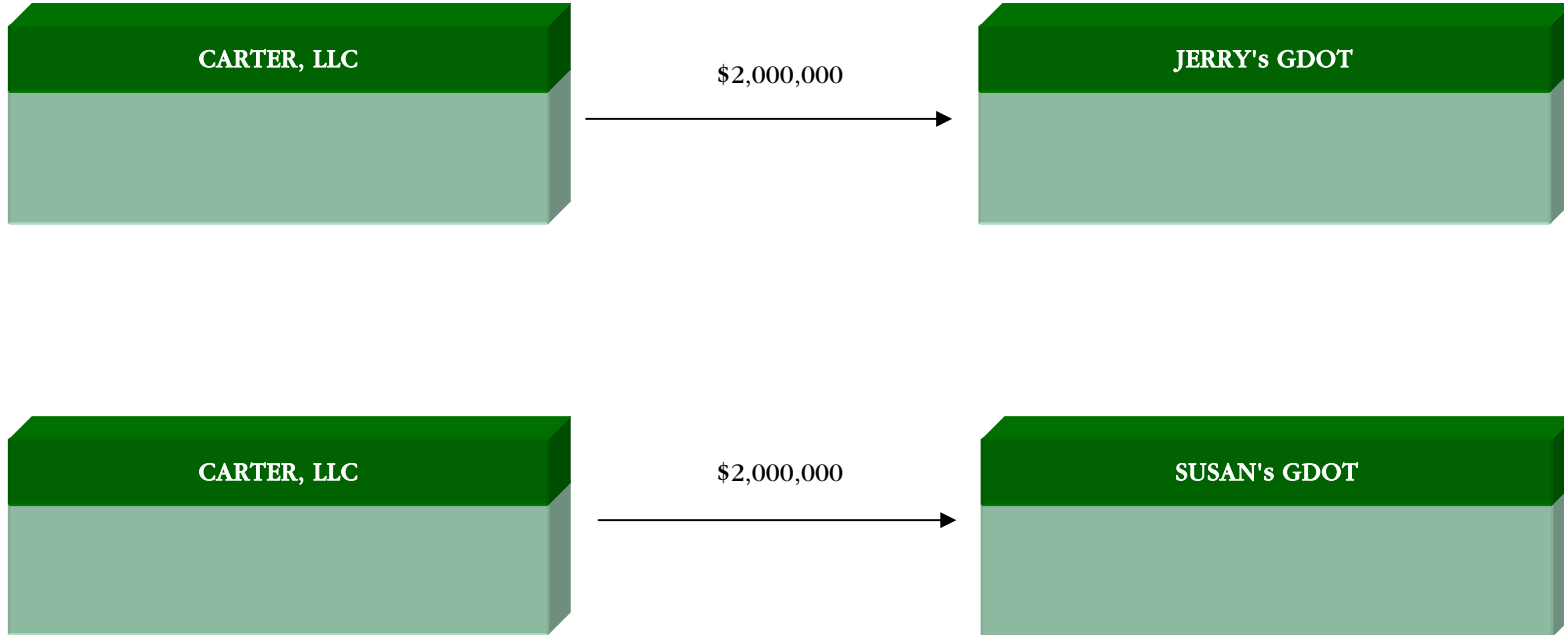


Note: Jerry may also be a discretionary beneficiary of Susan's trust. Attention should be paid to avoid reciprocal trust doctrine.

TRANSFER TO GRANTOR DEEMED OWNER TRUST

JERRY AND SUSAN CARTER

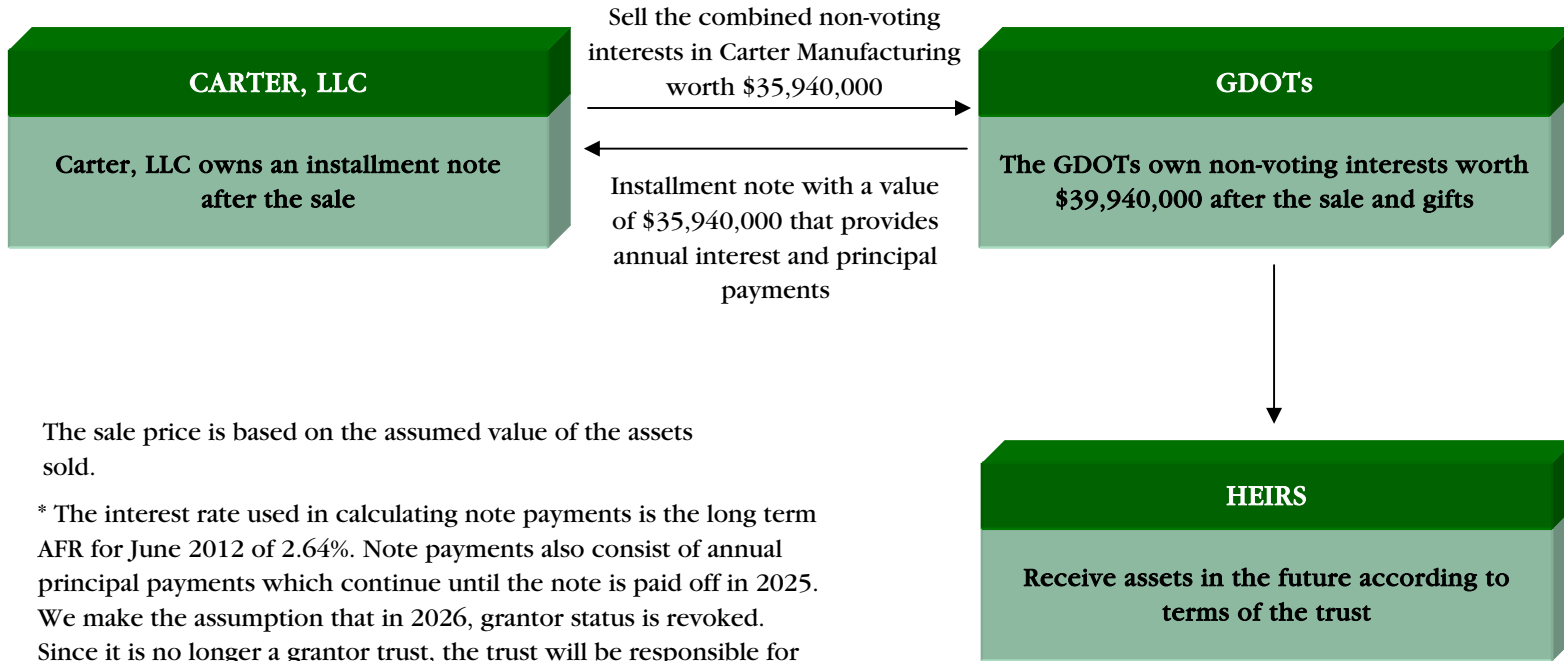
Carter, LLC transfers \$2,000,000 worth of its interests in Carter Manufacturing, Inc. to the individual GDOTs. This transfer is designed to give each trust economic substance and utilize some of Jerry & Susan's increased available lifetime gift exemption.



SELL NON-VOTING CARTER MANUFACTURING, INC. INTERESTS TO EACH GDOT

JERRY AND SUSAN CARTER

Carter, LLC sells the remaining non-voting interests in Carter Manufacturing to Jerry & Susan's individual GDOTs for an installment note.



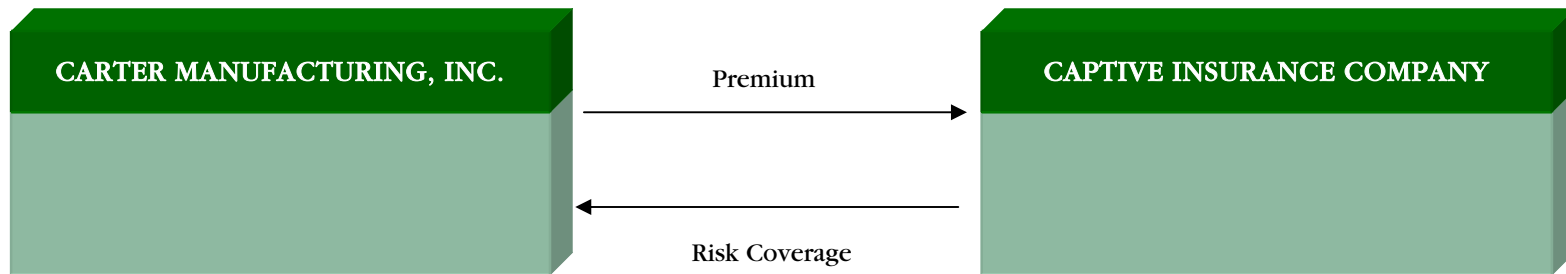
The sale price is based on the assumed value of the assets sold.

* The interest rate used in calculating note payments is the long term AFR for June 2012 of 2.64%. Note payments also consist of annual principal payments which continue until the note is paid off in 2025. We make the assumption that in 2026, grantor status is revoked. Since it is no longer a grantor trust, the trust will be responsible for paying it's own income tax at that point.

CREATE A CAPTIVE INSURANCE COMPANY

JERRY AND SUSAN CARTER

Jerry's GDOT creates and owns a captive insurance company.
The captive is formed to insure currently insured and uninsured risks of Carter Manufacturing, Inc.

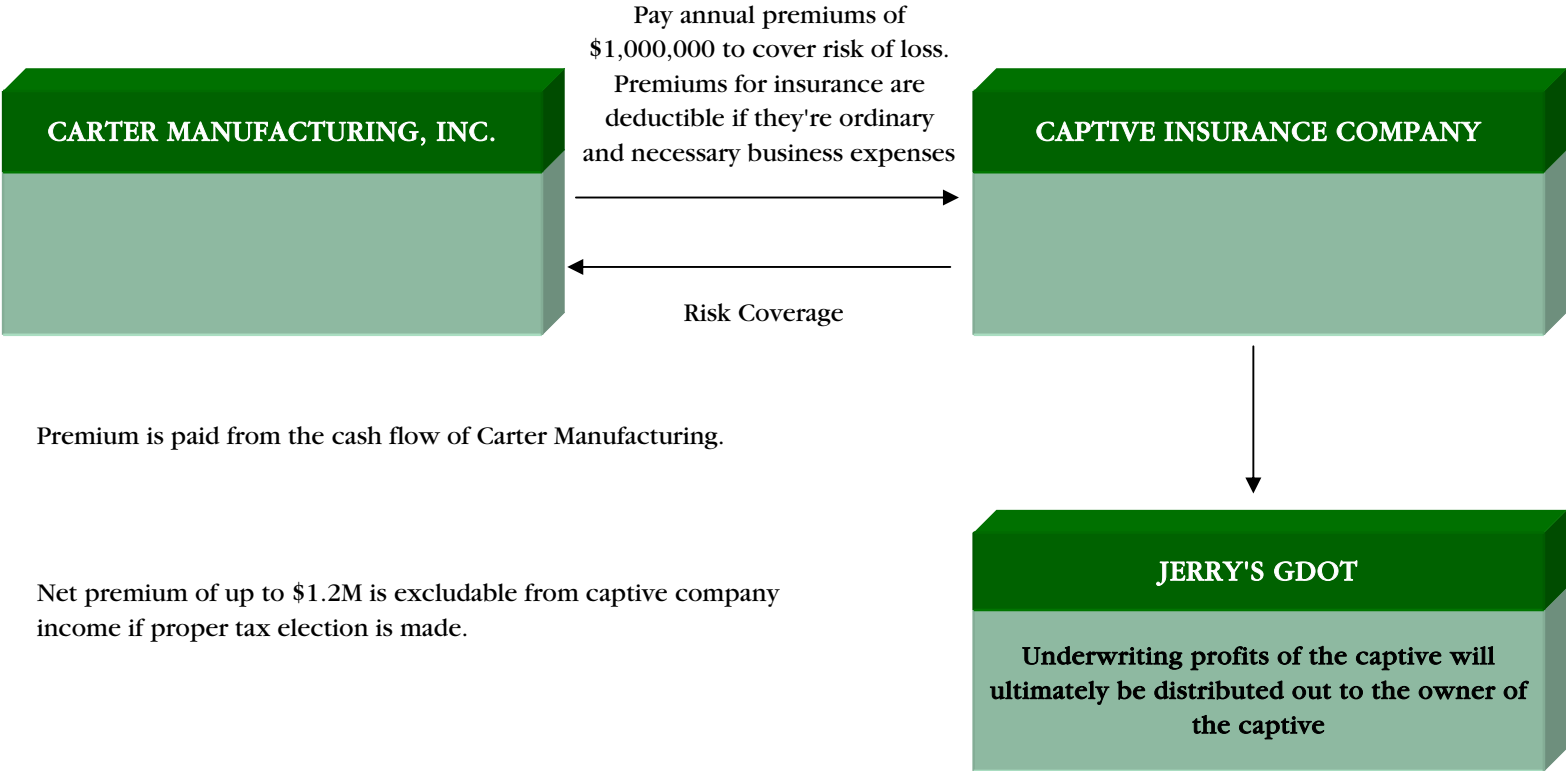


In the plan we have assumed that the Captive is owned by a trust.
This provides inheritance and estate tax benefits as well as income tax benefits.

COMPANY INSURES RISKS

JERRY AND SUSAN CARTER

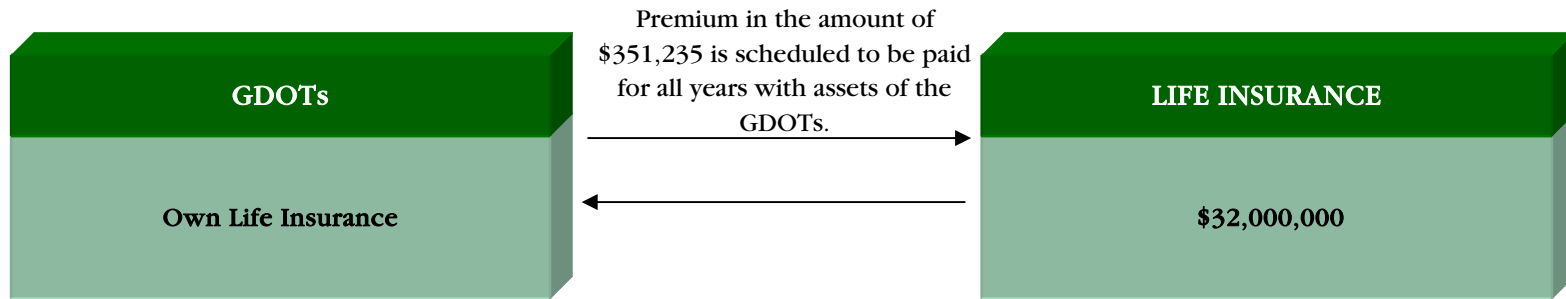
The Captive Insurance Company insures various risks of loss.



PURCHASE LIFE INSURANCE IN THE GDOT

JERRY AND SUSAN CARTER

The GDOT Trustees purchase second-to-die life insurance.



Policy Benefits:

- Used as wealth replacement, it can allow increased charitable giving that reduces or eliminates estate taxes but ensures a significant inheritance for your heirs
- Policy has a good tax-free return on investment (see IRR page)
- Increased inheritance in trust for heirs

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

AFTER TAX INTERNAL RATE OF RETURN ON LIFE INSURANCE

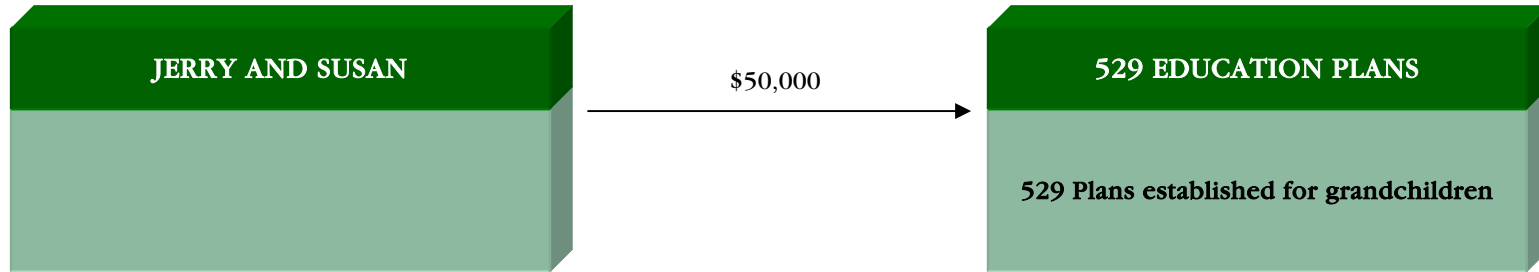
JERRY AND SUSAN CARTER

JERRY'S AGE	SUSAN'S AGE	YEAR	PREMIUM	DEATH BENEFIT	IRR
63	63	2012	351,235	32,000,000	9010.71%
64	64	2013	351,235	32,000,000	805.81%
65	65	2014	351,235	32,000,000	312.13%
66	66	2015	351,235	32,000,000	177.47%
67	67	2016	351,235	32,000,000	119.14%
68	68	2017	351,235	32,000,000	87.56%
69	69	2018	351,235	32,000,000	68.08%
70	70	2019	351,235	32,000,000	55.01%
71	71	2020	351,235	32,000,000	45.69%
72	72	2021	351,235	32,000,000	38.75%
73	73	2022	351,235	32,000,000	33.40%
74	74	2023	351,235	32,000,000	29.17%
75	75	2024	351,235	32,000,000	25.75%
76	76	2025	351,235	32,000,000	22.93%
77	77	2026	351,235	32,000,000	20.57%
78	78	2027	351,235	32,000,000	18.58%
79	79	2028	351,235	32,000,000	16.87%
80	80	2029	351,235	32,000,000	15.39%
81	81	2030	351,235	32,000,000	14.10%
82	82	2031	351,235	32,000,000	12.97%
83	83	2032	351,235	32,000,000	11.97%
84	84	2033	351,235	32,000,000	11.08%
85	85	2034	351,235	32,000,000	10.28%
86	86	2035	351,235	32,000,000	9.56%
87	87	2036	351,235	32,000,000	8.92%
88	88	2037	351,235	32,000,000	8.33%
89	89	2038	351,235	32,000,000	7.79%
90	90	2039	351,235	32,000,000	7.31%
91	91	2040	351,235	32,000,000	6.86%
92	92	2041	351,235	32,000,000	6.45%
93	93	2042	351,235	32,000,000	6.07%
94	94	2043	351,235	32,000,000	5.72%
95	95	2044	351,235	32,000,000	5.40%

ESTABLISH AND FUND 529 EDUCATION PLANS

JERRY AND SUSAN CARTER

Make contributions consisting of annual gifts to 529 Plans for the benefit of your grandchildren.



Advantages

No gift tax

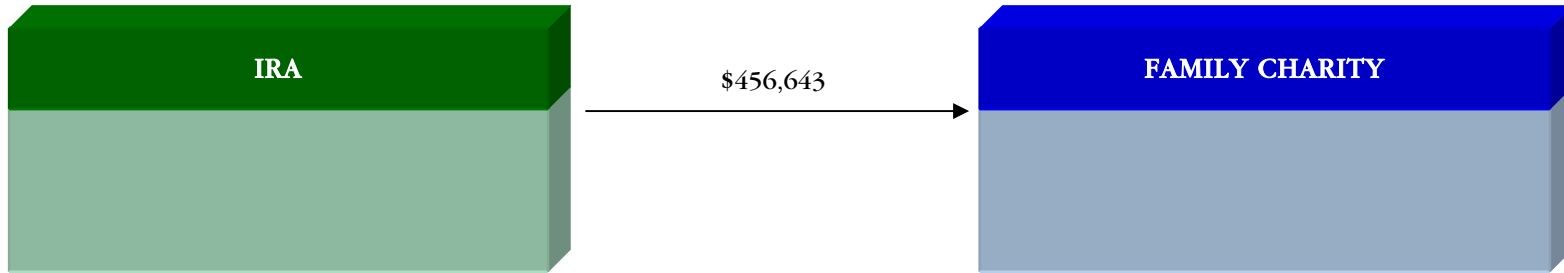
No income tax on assets owned in the 529 Plans

Enables each grandchild to seek any formal education that suites them. Including, but not limited to, undergraduate education, graduate education and trade schools

LEAVE YOUR IRA TO CHARITY

JERRY AND SUSAN CARTER

At the 2nd death, leave your IRA and qualified plans to charity.



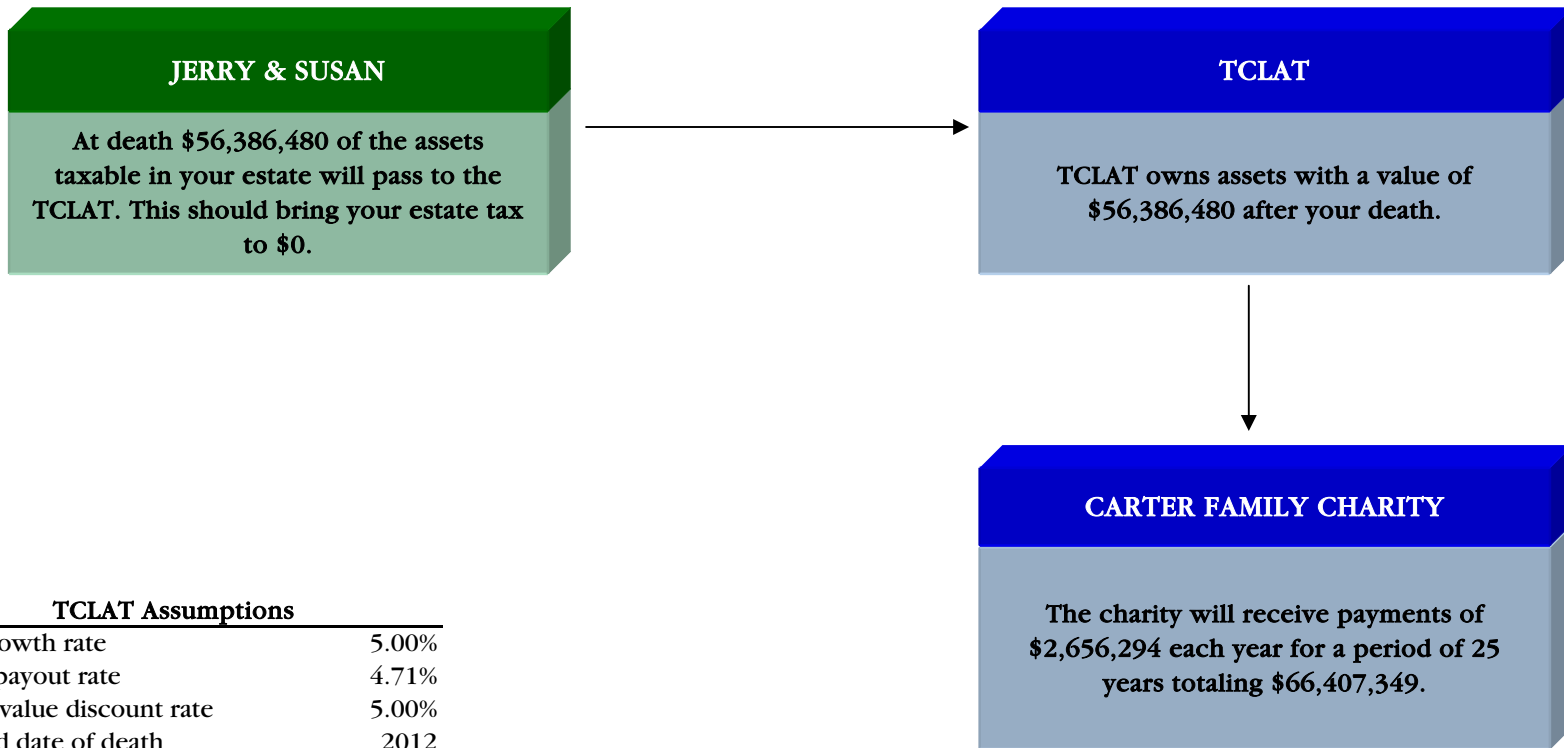
Advantages

- No estate tax
- No income in respect of a decedent tax
- Most efficient asset to satisfy charitable intent

TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (PART I)

JERRY AND SUSAN CARTER

Include language in your trust or Will that creates a testamentary charitable lead trust (TCLAT) at the second death.
Alternatively, you could make an outright bequest of your taxable estate to charity.



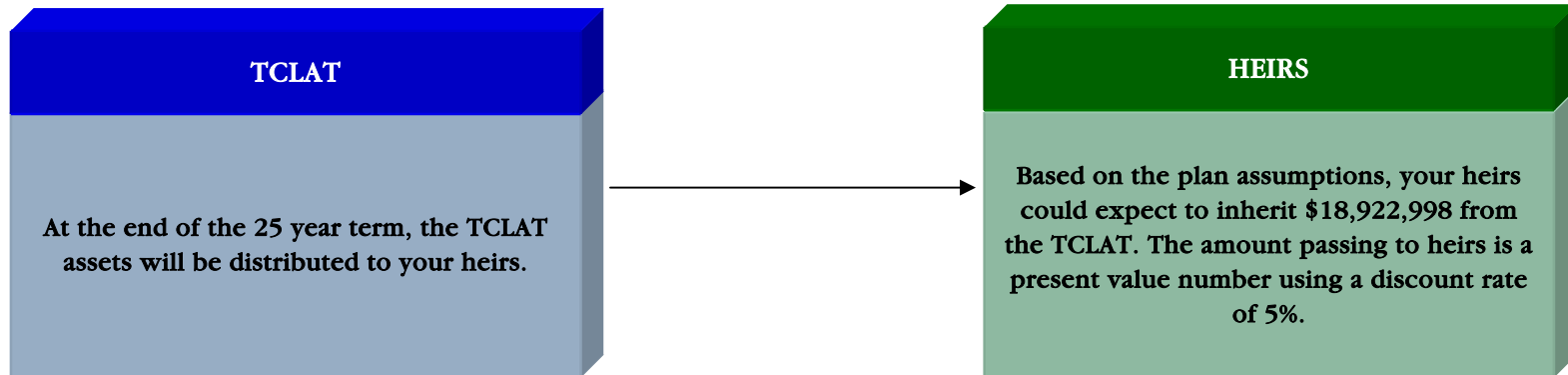
TCLAT Assumptions

Asset growth rate	5.00%
TCLAT payout rate	4.71%
Present value discount rate	5.00%
Assumed date of death	2012

TESTAMENTARY CHARITABLE LEAD ANNUITY TRUST (PART II)

JERRY AND SUSAN CARTER

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.

DETAILED FINANCIAL ANALYSIS

JERRY AND SUSAN CARTER

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 appropriate changes.

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

DETAILED FINANCIAL ANALYSIS

JERRY AND SUSAN CARTER

CURRENT PLAN FINANCIALS

In the Current Plan Section you will find a Net Worth Statement and a detailed cash flow and asset value projection analysis.

CURRENT NET WORTH STATEMENT

JERRY AND SUSAN CARTER

	JERRY	SUSAN	JOINT	TOTAL	YIELD	GROWTH
CASH AND EQUIVALENTS						
Checking	-	3,934	-	3,934	0.0%	0.0%
Checking	-	566,531	-	566,531	0.0%	0.0%
Money Market	-	1,736	-	1,736	0.0%	0.0%
Cash Value of Life Insurance	1,036,334	1,034,996	-	2,071,330	0.0%	0.0%
Total of Cash and Equivalents	1,036,334	1,607,197	-	2,643,531	0.0%	0.0%
ANNUITIES/DEFERRED COMPENSATION						
Annuity	-	52,496	-	52,496		4.0%
Total of Annuities	-	52,496	-	52,496		4.0%

CURRENT NET WORTH STATEMENT (PAGE 2)

JERRY AND SUSAN CARTER

	JERRY	SUSAN	JOINT	TOTAL	YIELD	GROWTH
OTHER INVESTMENTS						
Carter, Ltd. (1%)	83,601	83,601	-	167,202		2.0%
Total of Other Investments	83,601	83,601	-	167,202		2.0%
CARTER TRUST						
Carter, LLC (100%)						
Checking	2,500	2,500	-	5,000		0.0%
Technology, LLC	100,000	100,000	-	200,000		
Carter Manufacturing, Inc. (S Corp - 90%)	19,970,000	19,970,000	-	39,940,000		
Jerry Carter, Inc. (S Corp - 100%)	50,000	50,000	-	100,000		
Carter Manufacturing Note	16,399	16,399	-	32,798		
Carter, Ltd. (99%)						
Real Estate	721,958	721,958	-	1,443,915		2.0%
Cash/Note	7,057,060	7,057,060	-	14,114,119		
Equipment	497,475	497,475	-	994,950		
Total in Carter Trust	28,415,391	28,415,391	-	56,830,782		0.6%
RETIREMENT PLANS/IRAs						
401(k)	-	59,428		59,428		5.0%
Carter Manufacturing 401(k)	178,549	-		178,549		5.0%
SEP	166,170	-		166,170		5.0%
Total Retirement Plans	344,719	59,428		404,147		5.0%

CURRENT NET WORTH STATEMENT (PAGE 3)

JERRY AND SUSAN CARTER

	JERRY	SUSAN	JOINT	TOTAL	YIELD	GROWTH
RESIDENTIAL REAL ESTATE						
123 Main St.	-	180,000	-	180,000	0.0%	2.0%
Total of Personal Residences	-	180,000	-	180,000	0.0%	2.0%
PERSONAL PROPERTY						
Art	50,000	-	-	50,000	0.0%	0.0%
Autos	25,000	-	-	25,000	0.0%	0.0%
Total of Personal Property	75,000	-	-	75,000	0.0%	0.0%
TOTAL ASSETS	29,955,045	30,398,113	-	60,353,158		
TOTAL LIABILITIES	-	-	-	-		
NET WORTH	29,955,045	30,398,113	-	60,353,158		

SCHEDULE OF LIFE INSURANCE BENEFITS - CURRENT PLAN

JERRY AND SUSAN CARTER

COMPANY	INSURED	POLICY #	BENEFICIARY	PREMIUM	CASH VALUE	DEATH BENEFIT
Policies owned by Jerry						
Variable UL	Jerry	#	Jerry RLT	-	1,036,334	4,350,000
Totals				-	1,036,334	4,350,000
Policies owned by Susan						
Whole Life	Susan	#	Susan RLT	-	-	13,579
Variable UL	Susan	#	Susan RLT	-	1,034,996	5,250,000
Totals				-	1,034,996	5,263,579
Policies owned by Carter Manufacturing						
Whole Life	Jerry	#	Carter Manufacturing	75,930	206,824	3,000,000
Whole Life	Jerry	#	Carter Manufacturing	-	-	1,679,963
Totals				75,930	206,824	4,679,963

ASSET VALUE PROJECTIONS - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Asset Values									
Cash and cash equivalents	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531
Annuities	52,496	53,648	55,794	58,026	60,347	62,760	89,328	92,901	143,017
Other investments	167,202	169,044	172,425	175,874	179,391	182,979	218,677	223,050	277,335
Carter Trust - Carter, LLC	40,277,798	42,069,590	43,986,627	46,037,665	48,232,069	50,579,862	80,654,849	85,268,983	163,145,811
Carter Trust - Carter, Ltd. (99%)	16,552,984	18,584,078	20,546,823	22,570,195	24,239,965	25,592,410	37,299,824	38,741,781	56,749,469
Retirement plans/IRAs	404,147	415,208	435,969	457,767	480,656	504,688	615,015	616,756	537,563
Personal residences	180,000	181,984	185,623	189,336	193,122	196,985	235,415	240,123	298,563
Personal property	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total assets in estate	60,353,158	64,192,083	68,101,792	72,207,393	76,104,080	79,838,215	121,831,639	127,902,125	223,870,289
Combined net worth	\$ 60,353,158	\$ 64,192,083	\$ 68,101,792	\$ 72,207,393	\$ 76,104,080	\$ 79,838,215	\$121,831,639	\$127,902,125	\$223,870,289

In the event that there is a cash flow surplus, the surplus is added to the Carter partnership account by default.

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

TAXABLE INCOME PROJECTIONS - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Sources of taxable income									
Other investments		4,540	4,546	4,573	4,600	5,003	5,712	5,755	6,288
Retirement plans/IRAs		-	-	-	-	-	27,829	29,010	43,580
Schedule C Losses/Depreciation		(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	-	-	-
Carter Trust - Carter, LLC ¹		5,206,233	5,398,791	5,605,419	5,827,135	6,086,895	9,659,416	10,207,515	19,458,276
Carter Trust - Carter, Ltd. (99%) ²		248,467	263,806	279,501	295,682	346,130	439,268	450,565	591,587
Client earned income		128,000	130,560	133,171	135,835	138,551	-	-	-
Gross income		\$ 5,337,240	\$ 5,547,702	\$ 5,772,665	\$ 6,013,252	\$ 6,326,580	\$ 10,132,225	\$ 10,692,846	\$ 20,099,731

¹ Includes Note interest payments. Note payments cease in 2015 assuming payments of \$800,000/yr.

² Includes Carter Manufacturing note interest payments. Assumes note is re-financed and pays interest only at 4% beginning in 2016.

INCOME TAX PROJECTIONS - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Income tax Estimation									
Adjusted gross income:									
Earned and other income		5,337,240	5,547,702	5,772,665	6,013,252	6,326,580	10,132,225	10,692,846	20,099,731
Adjusted gross income		5,337,240	5,547,702	5,772,665	6,013,252	6,326,580	10,132,225	10,692,846	20,099,731
Deductions									
Real estate tax		5,500	5,610	5,722	5,837	5,953	7,115	7,257	9,023
State income taxes		344,252	357,827	372,337	387,855	408,064	653,528	689,689	1,296,433
Charitable gifts	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Charitable Deduction available		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Charitable Deduction allowed		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total deductions		499,752	513,437	528,059	543,691	564,018	810,643	846,946	1,455,456
Reductions		-	(161,427)	(168,176)	(175,394)	(184,793)	(298,963)	(315,781)	(597,988)
Deductions allowed		499,752	352,010	359,883	368,298	379,224	511,681	531,164	857,468
Taxable income		4,837,488	5,195,692	5,412,781	5,644,954	5,947,355	9,620,544	10,161,681	19,242,263
Federal and State income tax		\$ 2,006,512	\$ 2,378,515	\$ 2,478,993	\$ 2,586,451	\$ 2,726,411	\$ 4,426,458	\$ 4,676,909	\$ 8,879,563

CASH FLOW PROJECTIONS - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Sources of income for Lifestyle									
Depreciation Add Back		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Schedule C Depreciation Add Back		250,000	250,000	250,000	250,000	250,000	-	-	-
Carter, LLC - Note principal payments ¹		669,752	704,914	741,922	364,331	-	-	-	-
Carter, Ltd. - Note principal payments ²		300,000	-	-	-	-	-	-	-
Reinvested profits back into Carter Manufacturing ³		(1,791,792)	(1,917,037)	(2,051,038)	(2,194,404)	(2,347,792)	(4,312,679)	(4,614,133)	(9,702,052)
Consumable income (taxable)		5,337,240	5,547,702	5,772,665	6,013,252	6,326,580	10,132,225	10,692,846	20,099,731
Total income available for lifestyle		4,805,200	4,625,579	4,753,549	4,473,179	4,268,787	5,859,546	6,118,713	10,437,679
Uses of Cash									
Living expenses		300,000	306,000	312,120	318,362	324,730	388,082	395,844	492,182
Income tax		2,006,512	2,378,515	2,478,993	2,586,451	2,726,411	4,426,458	4,676,909	8,879,563
Cash gifts to family		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Cash gifts to charity		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total uses of cash		2,656,512	3,034,515	3,141,113	3,254,813	3,401,141	5,164,540	5,422,752	9,721,745
Surplus		\$ 2,148,688	\$ 1,591,063	\$ 1,612,436	\$ 1,218,365	\$ 867,646	\$ 695,006	\$ 695,960	\$ 715,934

¹ Note payments cease in 2015 assuming payments of \$800,000/yr.

² Assumes note is re-financed and pays interest only at 4% beginning in 2016.

³ Assumes a 35% federal income tax and 6.5% state income tax on the total Carter Manufacturing taxable income in Carter, LLC. We assume 55% of the taxable income (less \$1M in surplus) from Carter Manufacturing is reinvested into the company.

In the event that there is a cash flow surplus, the surplus is added to the Carter partnership account 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 the Carter partnership account on the "Asset Value Projections" 3 pages earlier.

FIRST ESTATE TAX ESTIMATION AND DISTRIBUTION - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Tax calculation on Jerry's death									
Combined net worth	60,353,158	64,192,083	68,101,792	72,207,393	76,104,080	79,838,215	121,831,639	127,902,125	223,870,289
Jerry's estimated estate	29,955,045	31,860,416	33,800,920	35,838,650	37,772,690	39,626,051	60,468,621	63,481,581	111,113,400
Death benefit exceeding CV	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666
Total gross estate	33,268,711	35,174,082	37,114,586	39,152,316	41,086,356	42,939,717	63,782,287	66,795,247	114,427,066
Settlement expenses	(191,344)	(200,870)	(210,573)	(220,762)	(230,432)	(239,699)	(343,911)	(358,976)	(597,135)
Joint, personal and IRA to Susan	(419,719)	(429,154)	(446,861)	(465,455)	(484,977)	(505,476)	(599,580)	(601,065)	(533,517)
Insurance passing to Susan	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)
Outright or in trust to Susan	(23,187,648)	(25,074,058)	(31,107,151)	(33,116,100)	(35,020,947)	(36,844,542)	(57,488,796)	(60,485,206)	(107,946,413)
Taxable estate	5,120,000	5,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tax base	5,120,000	5,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Federal Estate Tax	-	-	-	-	-	-	-	-	-
Distribution of Jerry's estate									
Settlement expenses	191,344	200,870	210,573	220,762	230,432	239,699	343,911	358,976	597,135
To family trust	5,120,000	5,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Joint, personal and IRA to Susan	419,719	429,154	446,861	465,455	484,977	505,476	599,580	601,065	533,517
Insurance passing to Susan	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000
Outright or in trust to Susan	23,187,648	25,074,058	31,107,151	33,116,100	35,020,947	36,844,542	57,488,796	60,485,206	107,946,413
Total	\$ 33,268,711	\$ 35,174,082	\$ 37,114,586	\$ 39,152,316	\$ 41,086,356	\$ 42,939,717	\$ 63,782,287	\$ 66,795,247	\$ 114,427,066

Assumptions

We assume that Jerry dies first, followed immediately by Susan.

Taxes under "Distribution of First Estate" include estate and income taxes.

SECOND ESTATE TAX ESTIMATION AND DISTRIBUTION - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Tax Calculation on Susan's death									
Susan's assets	30,398,113	32,331,667	34,300,872	36,368,743	38,331,390	40,212,164	61,363,018	64,420,544	112,756,889
Death benefit exceeding CV	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583
Plus assets from Jerry's estate	27,957,367	29,853,212	35,904,013	37,931,555	39,855,925	41,700,019	62,438,376	65,436,271	112,829,931
Susan's estimated estate	62,584,063	66,413,462	74,433,468	78,528,881	82,415,898	86,140,766	128,029,977	134,085,398	229,815,403
Settlement expenses	(650,841)	(689,135)	(769,335)	(810,289)	(849,159)	(886,408)	(1,305,300)	(1,365,854)	(2,323,154)
Susan's taxable estate	61,933,223	65,724,327	73,664,133	77,718,592	81,566,739	85,254,358	126,724,677	132,719,544	227,492,249
Tax base	61,933,223	65,724,327	73,664,133	77,718,592	81,566,739	85,254,358	126,724,677	132,719,544	227,492,249
Federal Estate Tax	19,884,628	21,211,514	40,169,473	42,399,425	44,515,906	46,544,097	69,352,773	72,649,949	124,774,937
Tax on IRD	6,824	7,124	5,318	5,720	6,138	6,572	11,354	11,998	21,018
Total Estate Tax Due	19,891,452	21,218,638	40,174,792	42,405,145	44,522,044	46,550,669	69,364,127	72,661,947	124,795,955
Distribution of Susan's estate									
Settlement expenses	650,841	689,135	769,335	810,289	849,159	886,408	1,305,300	1,365,854	2,323,154
Taxes	19,891,452	21,218,638	40,174,792	42,405,145	44,522,044	46,550,669	69,364,127	72,661,947	124,795,955
Qualified plan to heirs	404,147	415,208	435,969	457,767	480,656	504,688	615,015	616,756	537,563
Insurance passing to heirs	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579
Residual estate to heirs	36,374,044	38,826,901	27,789,794	29,592,100	31,300,460	32,935,422	51,481,956	54,177,262	96,895,151
Total	\$ 62,584,063	\$ 66,413,462	\$ 74,433,468	\$ 78,528,881	\$ 82,415,898	\$ 86,140,766	\$ 128,029,977	\$ 134,085,398	\$ 229,815,403

Assumptions

We assume that Jerry dies first, followed immediately by Susan.

Taxes under "Distribution of Second Estate" include estate and income taxes.

SUMMARY OF BENEFITS TO FAMILY - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Benefits to Family									
Family trust	5,120,000	5,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Residual estate	41,637,623	44,090,480	33,053,373	34,855,679	36,564,039	38,199,001	56,745,535	59,440,841	102,158,730
Qualified plan assets	404,147	415,208	435,969	457,767	480,656	504,688	615,015	616,756	537,563
Total assets to heirs	\$ 47,161,770	\$ 49,625,689	\$ 34,489,342	\$ 36,313,446	\$ 38,044,695	\$ 39,703,689	\$ 58,360,550	\$ 61,057,597	\$ 103,696,294

DETAILS OF JERRY'S QUALIFIED PLAN - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Jerry's Qualified Plans									
Jerry's Age		63	64	65	66	67	76	77	88
Susan's Age		63	64	65	66	67	76	77	88
Minimum distribution factor		33.9	33.0	32.0	31.1	30.2	22.0	21.2	12.7
Plan contributions		-	-	-	-	-	-	-	-
Plan balance	344,719	354,154	371,861	390,455	409,977	430,476	524,580	526,065	458,517
Minimum distribution		-	-	-	-	-	23,737	24,744	37,172
Preferred distribution		-	-	-	-	-	-	-	-
Actual distribution		-	-	-	-	-	23,737	24,744	37,172

DETAILS OF SUSAN'S QUALIFIED PLAN - EXISTING PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Susan's Qualified Plans									
Susan's Age		63	64	65	66	67	76	77	88
Jerry's Age		63	64	65	66	67	76	77	88
Minimum distribution factor		33.9	33.0	32.0	31.1	30.2	22.0	21.2	12.7
Plan contributions		-	-	-	-	-	-	-	-
Plan balance	59,428	61,055	64,107	67,313	70,678	74,212	90,435	90,691	79,046
Minimum distribution		-	-	-	-	-	4,092	4,266	6,408
Preferred distribution		-	-	-	-	-	-	-	-
Actual distribution		-	-	-	-	-	4,092	4,266	6,408

DETAILED FINANCIAL ANALYSIS

JERRY AND SUSAN CARTER

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

JERRY AND SUSAN CARTER

	JERRY	SUSAN	JOINT	TOTAL	YIELD	GROWTH
CASH AND EQUIVALENTS						
Checking	-	3,934	-	3,934	0.0%	0.0%
Checking	-	566,531	-	566,531	0.0%	0.0%
Money Market	-	1,736	-	1,736	0.0%	0.0%
Cash Value of Life Insurance	1,036,334	1,034,996	-	2,071,330	0.0%	0.0%
Total of Cash and Equivalents	1,036,334	1,607,197	-	2,643,531	0.0%	0.0%
ANNUITIES/DEFERRED COMPENSATION						
Annuity	-	52,496	-	52,496		4.0%
Total of Annuities	-	52,496	-	52,496	0.0%	4.0%

REVISED NET WORTH STATEMENT (PAGE 2)

JERRY AND SUSAN CARTER

	JERRY	SUSAN	JOINT	TOTAL	YIELD	GROWTH
OTHER INVESTMENTS						
Carter, Ltd. (1%)	83,601	83,601	-	167,202		2.0%
Total of Other Investments	83,601	83,601	-	167,202		2.0%
CARTER TRUST						
Carter, LLC (100%)						0.0%
Checking	2,500	2,500	-	5,000		
Technology, LLC	100,000	100,000	-	200,000		
Jerry Carter, Inc. (S Corp - 100%)	50,000	50,000	-	100,000		
Carter Manufacturing Note	16,399	16,399	-	32,798		
Carter, Ltd. (99%)						2.0%
Real Estate	721,958	721,958	-	1,443,915		
Cash/Note	7,057,060	7,057,060	-	14,114,119		
Equipment	497,475	497,475	-	994,950		
Total in Carter Trust	8,445,391	8,445,391	-	16,890,782		2.0%
RETIREMENT PLANS/IRAs						
401(k)	-	59,428		59,428	0.0%	5.0%
Carter Manufacturing 401(k)	178,549	-		178,549	0.0%	5.0%
SEP	166,170	-		166,170	0.0%	5.0%
Total Retirement Plans	344,719	59,428		404,147	0.0%	5.0%

REVISED NET WORTH STATEMENT (PAGE 3)

JERRY AND SUSAN CARTER

	JERRY	SUSAN	JOINT	TOTAL	YIELD	GROWTH
RESIDENTIAL REAL ESTATE						
123 Main St.	-	180,000	-	180,000	0.0%	2.0%
Total of Personal Residences	-	180,000	-	180,000	0.0%	2.0%
PERSONAL PROPERTY						
Art	50,000	-	-	50,000	0.0%	0.0%
Autos	25,000	-	-	25,000	0.0%	0.0%
Total of Personal Property	75,000	-	-	75,000	0.0%	0.0%
OTHER STRATEGY ASSETS						
GDOT Note	17,970,000	17,970,000	-	35,940,000	2.64%	
Total of Other Strategy Assets	17,970,000	17,970,000	-	35,940,000	2.64%	
TOTAL ASSETS	27,955,045	28,398,113	-	56,353,158		
TOTAL LIABILITIES	-	-	-	-		
NET WORTH	27,955,045	28,398,113	-	56,353,158		

ASSET VALUE PROJECTIONS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Asset Values									
Cash and cash equivalents	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531	2,643,531
Annuities	52,496	53,648	55,794	58,026	60,347	62,760	89,328	92,901	143,017
Other investments	167,202	169,044	172,425	175,874	179,391	182,979	218,677	223,050	277,335
Carter Trust - Carter, LLC	337,798	337,798	337,798	337,798	337,798	337,798	337,798	337,798	337,798
Carter Trust - Carter, Ltd. (99%)	16,552,984	17,350,132	18,224,566	19,133,087	19,660,818	20,243,377	24,252,417	24,281,262	24,429,411
Retirement plans/IRAs	404,147	415,208	435,969	457,767	480,656	504,688	615,015	616,756	537,563
Personal residences	180,000	181,984	185,623	189,336	193,122	196,985	235,415	240,123	298,563
Personal property	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Note from children's GDOT	35,940,000	35,061,373	34,051,899	32,900,601	31,595,683	29,724,475	-	-	-
Total assets in estate	56,353,158	56,287,718	56,182,606	55,971,019	55,226,345	53,971,594	28,467,180	28,510,421	28,742,218
Combined net worth	\$ 56,353,158	\$ 56,287,718	\$ 56,182,606	\$ 55,971,019	\$ 55,226,345	\$ 53,971,594	\$ 28,467,180	\$ 28,510,421	\$ 28,742,218

In the event that there is a cash flow surplus, the surplus is added to the Carter partnership account by default.

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

TAXABLE INCOME PROJECTIONS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Other investments		4,540	4,546	4,573	4,600	5,003	5,712	5,755	6,288
Schedule C Losses/Depreciation		(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	-	-	-
Carter Trust - Carter, LLC ¹		130,248	95,086	58,078	19,127	-	-	-	-
Carter Trust - Carter, Ltd. (99%) ²		248,467	253,938	260,931	268,196	309,512	341,613	346,229	347,668
Retirement plans/IRAs		-	-	-	-	-	27,829	29,010	43,580
Other taxable earnings - GDOT ³		4,060,985	4,300,208	4,556,152	4,829,987	5,122,963	10,126,406	-	-
Client earned income		128,000	130,560	133,171	135,835	138,551	-	-	-
Gross income		\$ 4,322,240	\$ 4,534,338	\$ 4,762,905	\$ 5,007,746	\$ 5,326,029	\$ 10,501,560	\$ 380,995	\$ 397,536

¹ Includes Note interest payments. Note payments cease in 2015 assuming payments of \$800,000/yr.

² Assumes note is re-financed and pays interest only at 4% beginning in 2016.

³ Grantor status is revoked after 2025 and the trusts begin paying income taxes in 2026.

INCOME TAX PROJECTIONS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Income Tax Estimation									
Adjusted gross income:									
Earned and other income		4,322,240	4,534,338	4,762,905	5,007,746	5,326,029	10,501,560	380,995	397,536
Adjusted gross income		4,322,240	4,534,338	4,762,905	5,007,746	5,326,029	10,501,560	380,995	397,536
Deductions									
Real Estate Tax		5,500	5,610	5,722	5,837	5,953	7,115	7,257	9,023
State income taxes		278,784	292,465	307,207	323,000	343,529	677,351	24,574	25,641
Cash charitable gifts		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Charitable Deduction available		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Charitable Deduction allowed		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Deduction carried over		-	-	-	-	-	-	-	-
Total deductions		434,284	448,075	462,930	478,836	499,482	834,465	181,831	184,664
Reductions		-	(131,026)	(137,883)	(145,228)	(154,777)	(310,043)	(6,426)	(6,922)
Deductions allowed		434,284	317,049	325,046	333,608	344,705	524,423	175,405	177,742
Taxable income		3,887,956	4,217,290	4,437,859	4,674,138	4,981,324	9,977,137	205,589	219,794
Federal and State income tax		\$ 1,608,708	\$ 1,925,706	\$ 2,027,794	\$ 2,137,153	\$ 2,279,328	\$ 4,591,491	\$ 76,354	\$ 81,942

CASH FLOW PROJECTIONS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Sources of Income for Lifestyle									
Consumable income (taxable)		261,255	234,130	206,753	177,758	203,066	375,154	380,995	397,536
Schedule C Depreciation Add Back		250,000	250,000	250,000	250,000	250,000	-	-	-
Carter, LLC - Note principal payments ¹		669,752	704,914	741,922	364,331	-	-	-	-
Carter, Ltd. - Note principal payments ²		300,000	-	-	-	-	-	-	-
Depreciation Add Back		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Distribution from Marketable Securities		-	-	-	-	-	-	456,203	491,588
Note Payment from GDOT ³		1,827,443	1,935,094	2,050,269	2,173,494	2,705,333	5,073,258	-	-
Total income available for lifestyle		3,348,450	3,164,138	3,288,943	3,005,584	3,198,400	5,488,411	877,198	929,124
Uses of Cash									
Living expenses		300,000	306,000	312,120	318,362	324,730	388,082	395,844	492,182
Income tax		1,608,708	1,925,706	2,027,794	2,137,153	2,279,328	4,591,491	76,354	81,942
Cash gifts to family		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
New 529 Plan Contributions for Grandchildren ⁴		50,000	50,000	50,000	50,000	50,000	50,000	50,000	-
Planning and maintenance Fees		125,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash gifts to charity		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total uses of cash		2,433,708	2,636,706	2,744,914	2,860,515	3,009,057	5,384,573	877,198	929,124
Surplus		\$ 914,742	\$ 527,432	\$ 544,029	\$ 145,069	\$ 189,342	\$ 103,838	\$ -	\$ -

¹ Note payments cease in 2015 assuming payments of \$800,000/yr.

² Assumes note is re-financed and pays interest only at 4% beginning in 2016.

³ Installment notes are paid off in 2025 and grantor status of the trust is revoked in 2026.

⁴ Assumes annual 529 Plan contributions for 20 years to fund grandchildren education plans.

In the event that there is a cash flow surplus, the surplus is added to the Carter partnership account on the "Asset Value Projections" 3 pages earlier.

FIRST ESTATE TAX ESTIMATION AND DISTRIBUTION - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Tax calculation on Jerry's death									
Combined Net Worth	56,353,158	56,287,718	56,182,606	55,971,019	55,226,345	53,971,594	28,467,180	28,510,421	28,742,218
Jerry's estimated estate	27,955,045	27,922,582	27,870,439	27,765,478	27,396,068	26,773,625	14,121,681	14,143,131	14,258,118
Death benefit exceeding CV	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666	3,313,666
Total gross estate	31,268,711	31,236,248	31,184,105	31,079,144	30,709,734	30,087,291	17,435,347	17,456,797	17,571,784
Settlement expenses	(181,344)	(181,181)	(180,921)	(180,396)	(178,549)	(175,436)	(112,177)	(112,284)	(112,859)
Joint, personal and IRA to Susan	(419,719)	(429,154)	(446,861)	(465,455)	(484,977)	(505,476)	(599,580)	(601,065)	(533,517)
Insurance passing to Susan	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)	(4,350,000)
Outright or in trust to Susan	(23,197,648)	(23,155,913)	(26,206,323)	(26,083,294)	(25,696,208)	(25,056,379)	(12,373,590)	(12,393,449)	(12,575,408)
Taxable estate	3,120,000	3,120,000	-	-	-	-	-	-	-
Plus Jerry's lifetime taxable gifts	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tax base	5,120,000	5,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tentative Federal Estate Tax	-	-	-	-	-	-	-	-	-
Distribution of First Estate									
Settlement expenses	181,344	181,181	180,921	180,396	178,549	175,436	112,177	112,284	112,859
To family trust	3,120,000	3,120,000	-	-	-	-	-	-	-
Joint, personal and IRA to Susan	419,719	429,154	446,861	465,455	484,977	505,476	599,580	601,065	533,517
Insurance passing to Susan	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000
Outright or in trust to Susan	23,197,648	23,155,913	26,206,323	26,083,294	25,696,208	25,056,379	12,373,590	12,393,449	12,575,408
Total	\$ 31,268,711	\$ 31,236,248	\$ 31,184,105	\$ 31,079,144	\$ 30,709,734	\$ 30,087,291	\$ 17,435,347	\$ 17,456,797	\$ 17,571,784

Assumptions

We assume that Jerry dies first, followed immediately by Susan.

Taxes under "Distribution of First Estate" include estate and income taxes, if any.

SECOND ESTATE TAX ESTIMATION AND DISTRIBUTION - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Tax Calculation on Susan's death									
Susan's assets	28,398,113	28,365,136	28,312,166	28,205,541	27,830,277	27,197,969	14,345,500	14,367,290	14,484,100
Death benefit exceeding CV	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583	4,228,583
Plus assets from Jerry's estate	27,967,367	27,935,067	31,003,185	30,898,748	30,531,186	29,911,855	17,323,170	17,344,513	17,458,925
Susan's estimated estate	60,594,063	60,528,786	63,543,934	63,332,873	62,590,046	61,338,406	35,897,253	35,940,386	36,171,608
Settlement expenses	(630,941)	(630,288)	(660,439)	(658,329)	(650,900)	(638,384)	(383,973)	(384,404)	(386,716)
Charitable gift of IRA/Annuity assets	(456,643)	(468,856)	(491,763)	(515,793)	(541,002)	(567,449)	(704,343)	(709,657)	(680,580)
Charitable deduction from TCLAT	(56,524,076)	(56,447,050)	(62,543,983)	(62,310,433)	(61,547,969)	(60,279,311)	(34,893,879)	(34,931,359)	(35,189,975)
Taxable estate	2,982,404	2,982,591	(152,250)	(151,682)	(149,826)	(146,737)	(84,942)	(85,033)	(85,663)
Plus Susan's lifetime taxable gifts	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Tax base	4,982,404	4,982,591	1,847,750	1,848,318	1,850,174	1,853,263	1,915,058	1,914,967	1,914,337
Federal Estate Tax	-	-	-	-	-	-	-	-	-
Distribution of Second Estate									
Settlement expenses	630,941	630,288	660,439	658,329	650,900	638,384	383,973	384,404	386,716
Taxes	-	-	-	-	-	-	-	-	-
Insurance passing to heirs	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579	5,263,579
Other gifts to charity	456,643	468,856	491,763	515,793	541,002	567,449	704,343	709,657	680,580
Residual estate to heirs	(2,143,579)	(2,143,579)	(5,263,579)	(5,263,579)	(5,263,579)	(5,263,579)	(5,263,579)	(5,263,579)	(5,263,579)
Contribution to TCLAT	56,386,480	56,309,642	62,391,732	62,158,751	61,398,143	60,132,573	34,808,937	34,846,326	35,104,312
Total	\$ 60,594,063	\$ 60,528,786	\$ 63,543,934	\$ 63,332,873	\$ 62,590,046	\$ 61,338,406	\$ 35,897,253	\$ 35,940,386	\$ 36,171,608

Assumptions

We assume that Jerry dies first, followed immediately by Susan.

Taxes under "Distribution of Second Estate" include estate and income taxes, if any.

SUMMARY OF BENEFITS TO FAMILY - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Benefits to Family									
Residual estate	3,120,000	3,120,000	-	-	-	-	-	-	-
Family trust	3,120,000	3,120,000	-	-	-	-	-	-	-
Value of GDOT	4,000,000	6,760,934	9,784,287	13,090,234	16,700,410	21,038,013	84,780,764	91,834,221	220,723,790
Life insurance proceeds GDOT	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
529 Plans	50,000	51,368	103,937	159,134	217,090	277,945	982,512	1,081,638	2,220,211
Captive Insurance Accumulation	100,000	1,029,000	2,005,160	3,020,366	4,076,181	4,774,228	12,889,010	13,420,570	20,876,133
NPV of TCLAT benefits to children	18,948,820	18,922,998	20,966,901	20,888,607	20,633,002	20,207,704	11,697,632	11,710,196	11,796,893
Total assets to heirs	\$ 61,338,820	\$ 65,004,301	\$ 64,860,284	\$ 69,158,341	\$ 73,626,684	\$ 78,297,890	\$142,349,918	\$150,046,626	\$287,617,028

CAPTIVE INSURANCE COMPANY DETAILS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Balance Sheet									
Assets									
Initial Capitalization (non-deductible)	100,000	104,000	108,160	112,486	116,986	121,665	173,168	180,094	277,247
Captive Insurance Company	-	925,000	1,897,000	2,907,880	3,959,195	5,052,563	13,115,842	13,640,476	20,998,886
Life Insurance Premium Distribution	-	-	-	-	-	(400,000)	(400,000)	(400,000)	(400,000)
Total *	100,000	1,029,000	2,005,160	3,020,366	4,076,181	4,774,228	12,889,010	13,420,570	20,876,133
These are gross numbers subject to potential claims against the captive insurance company.									
* Assumes 4.0% annual growth on profits and reserves.									
Assets in Captive	\$ 100,000	\$ 1,029,000	\$ 2,005,160	\$ 3,020,366	\$ 4,076,181	\$ 4,774,228	\$ 12,889,010	\$ 13,420,570	\$ 20,876,133

CAPTIVE INSURANCE COMPANY DETAILS - PROPOSED PLAN

(Continued)

CIC Cash Flow	Current	2012	2013	2014	2015	2016	2025	2026	2037
Income									
Premium Income (10 yrs)		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-
Total Income		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-
Initial Captive Capitalization									
		100,000	-	-	-	-	-	-	-
Expenses									
Captive Management Fees		-	(65,000)	(65,000)	(65,000)	(65,000)	-	-	-
First Year Feasibility and Set Up		(75,000)	-	-	-	-	-	-	-
Net Income (Cash Flow)		925,000	935,000	935,000	935,000	935,000	-	-	-
Taxable Income	Current	2012	2013	2014	2015	2016	2025	2026	2037
Initial Captive Set up Fee (Amortized deduction)		(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	-	-	-
831(b) Premium Exclusion		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-	-	-
Taxable Income		(1,015,000)	(1,015,000)	(1,015,000)	(1,015,000)	(1,015,000)	-	-	-

GRANTOR DEEMED OWNER TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
GDOT Balance Sheet									
Carter Manufacturing, Inc.	39,940,000	41,822,307	43,836,186	45,990,835	48,296,093	50,762,488	84,780,764	91,834,221	220,723,790
Note payable to Carter, LLC	(35,940,000)	(35,061,373)	(34,051,899)	(32,900,601)	(31,595,683)	(29,724,475)	-	-	-
Net equity	\$ 4,000,000	\$ 6,760,934	\$ 9,784,287	\$ 13,090,234	\$ 16,700,410	\$ 21,038,013	\$ 84,780,764	\$ 91,834,221	\$ 220,723,790
GDOT Income Tax Estimation									
Captive Insurance Premium Deduction		(1,015,000)	(1,015,000)	(1,015,000)	(1,015,000)	(1,015,000)	-	-	-
Carter Manufacturing, Inc.		5,075,985	5,315,208	5,571,152	5,844,987	6,137,963	10,126,406	10,774,809	25,905,493
Total earnings		4,060,985	4,300,208	4,556,152	4,829,987	5,122,963	10,126,406	10,774,809	25,905,493
GDOT Cash Flow									
Distributions from Captive		-	-	-	-	400,000	400,000	400,000	400,000
Carter Manufacturing, Inc.		4,060,985	4,300,208	4,556,152	4,829,987	5,122,963	10,126,406	10,774,809	25,905,493
Installment Note Interest payments to Carter, LLC ¹		(948,816)	(925,620)	(898,970)	(868,576)	(834,126)	(130,489)	-	-
Installment Note Principal payments to Carter, LLC ¹		(878,627)	(1,009,473)	(1,151,298)	(1,304,918)	(1,871,207)	(4,942,769)	-	-
Trust Income Taxes ¹		-	-	-	-	-	-	(3,770,117)	(9,065,856)
Insurance Premium		(351,235)	(351,235)	(351,235)	(351,235)	(351,235)	(351,235)	(351,235)	(351,235)
Cash flow to reinvest into business ²		1,882,307	2,013,879	2,154,649	2,305,258	2,466,395	5,101,913	7,053,457	16,888,401
GDOT Insurance									
Net death benefit	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Premium		351,235	351,235	351,235	351,235	351,235	351,235	351,235	351,235
GDOT Note									
Outstanding note balance	35,940,000	35,061,373	34,051,899	32,900,601	31,595,683	29,724,475	-	-	-
Interest payment		948,816	925,620	898,970	868,576	834,126	130,489	-	-

¹ Installment notes are paid off in 2025. Grantor status is revoked in 2026 and the trust begin paying income taxes.

² Assumes a 35% federal income tax and 6.5% state income tax on the total Carter Manufacturing taxable income in Carter, LLC. We assume 55% of the taxable income (less \$1M in surplus) from Carter Manufacturing is reinvested into the company.

529 PLAN DETAILS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
529 Plan Balance	50,000	51,368	103,937	159,134	217,090	277,945	982,512	1,081,638	2,220,211
Amount Included in estate		-	-	-	-	-	-	-	-
Annual Exclusion Gifting to 529 Plans ¹		50,000	50,000	50,000	50,000	50,000	50,000	50,000	-
529 Plan benefit		51,368	103,937	159,134	217,090	277,945	982,512	1,081,638	2,220,211

¹ Assumes annual 529 Plan contributions for 20 years to fund grandchildren education plans.

TESTAMENTARY CHARITABLE LEAD TRUST DETAILS - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Charitable Lead Annuity Trust									
Balance Sheet									
Tot. value of TCLAT assets	56,386,480	56,309,642	62,391,732	62,158,751	61,398,143	60,132,573	34,808,937	34,846,326	35,104,312
Annual payment to charity if death occurs in the column year	2,656,294	2,652,674	2,939,194	2,928,218	2,892,387	2,832,768	1,639,804	1,641,565	1,653,719
Benefits to Charity									
NPV of TCLAT income distributions**	56,386,480	56,309,642	62,391,732	62,158,751	61,398,143	60,132,573	34,808,937	34,846,326	35,104,312
Total of TCLAT distributions**	66,407,349	66,316,855	73,479,840	73,205,454	72,309,673	70,819,189	40,995,097	41,039,130	41,342,966
Benefits to Children									
Future Benefits to Heirs from TCLAT**	64,167,431	64,079,989	71,001,367	70,736,236	69,870,669	68,430,460	39,612,334	39,654,882	39,948,468
NPV of benefits to children**	18,948,820	18,922,998	20,966,901	20,888,607	20,633,002	20,207,704	11,697,632	11,710,196	11,796,893

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 CARTER FAMILY CHARITY - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Charitable gift of IRA/Annuity assets	456,643	468,856	491,763	515,793	541,002	567,449	704,343	709,657	680,580
NPV of TCLAT income distributions	56,386,480	56,309,642	62,391,732	62,158,751	61,398,143	60,132,573	34,808,937	34,846,326	35,104,312
Total benefits to foundation	\$ 56,843,123	\$ 56,778,498	\$ 62,883,495	\$ 62,674,544	\$ 61,939,145	\$ 60,700,022	\$ 35,513,280	\$ 35,555,982	\$ 35,784,892

DETAILS OF JERRY'S QUALIFIED PLAN - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Jerry's Qualified Plans									
Jerry's age		63	64	65	66	67	76	77	88
Susan's age		63	64	65	66	67	76	77	88
Minimum distribution factor		33.9	33.0	32.0	31.1	30.2	22.0	21.2	12.7
Securities in plans	344,719	354,154	371,861	390,455	409,977	430,476	524,580	526,065	458,517
Plan balance during life	344,719	354,154	371,861	390,455	409,977	430,476	524,580	526,065	458,517
Plan balance at death of survivor	344,719	354,154	371,861	390,455	409,977	430,476	524,580	526,065	458,517
Minimum distribution		-	-	-	-	-	23,737	24,744	37,172
Actual distribution		-	-	-	-	-	23,737	24,744	37,172

DETAILS OF SUSAN'S QUALIFIED PLAN - PROPOSED PLAN

YEAR	Current	2012	2013	2014	2015	2016	2025	2026	2037
Susan's Qualified Plans									
Susan's age		63	64	65	66	67	76	77	88
Jerry's age		63	64	65	66	67	76	77	88
Minimum distribution factor		33.9	33.0	32.0	31.1	30.2	22.0	21.2	12.7
Securities in plans	59,428	61,055	64,107	67,313	70,678	74,212	90,435	90,691	79,046
Plan contributions		-	-	-	-	-	-	-	-
Plan balance during life	59,428	61,055	64,107	67,313	70,678	74,212	90,435	90,691	79,046
Plan balance at death of survivor	59,428	61,055	64,107	67,313	70,678	74,212	90,435	90,691	79,046
Minimum distribution		-	-	-	-	-	4,092	4,266	6,408
Preferred distribution		-	-	-	-	-	-	-	-
Actual distribution		-	-	-	-	-	4,092	4,266	6,408

PLAN ASSUMPTIONS

JERRY AND SUSAN CARTER

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		6%
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Tax on IRD

Unless a qualified plan is given to charity, we assume the beneficiary designations are changed to provide for a stretch out distribution.

7520 Rates

Highest rate	1.6%	May, 2012
Current rate	1.3%	June, 2012
Lowest rate	1.3%	June, 2012

Long Term AFR Rate

	2.6%	June, 2012
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Annual increase in Jerry's earned income		2%
Number of years Jerry's income is expected to continue		5

Lifestyle Need Assumptions

Net annual outlay for Jerry and Susan's lifestyle needs, not including gifts or income taxes		\$300,000
Annual cost of living increase used in the plan		2%

Settlement and Administrative Expenses

Fixed estate settlement costs	\$25,000	
Variable estate settlement costs, 1st death	0.50% (of assets)	
Variable estate settlement costs, 2nd death	1.00% (of assets)	

FAMILY INFORMATION

CLIENTS

Jerry Carter	Date of Birth	March 1, 1949
Susan Carter	Date of Birth	August 15, 1949
123 Main St.		

CHILDREN

CHILD'S NAME

Jackie Carter
Adam Carter
Becky Carter
Andrew Carter

GRANDCHILDREN

NAME

Sam Carter
Stephanie Carter
Terry Carter
Jack Carter
Beth Carter
Ashley Carter
Julie Carter
Ken Carter
Scott Carter
Sue Carter

DISCLAIMER AND DISCLOSURE

JERRY AND SUSAN CARTER

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 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 to 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.