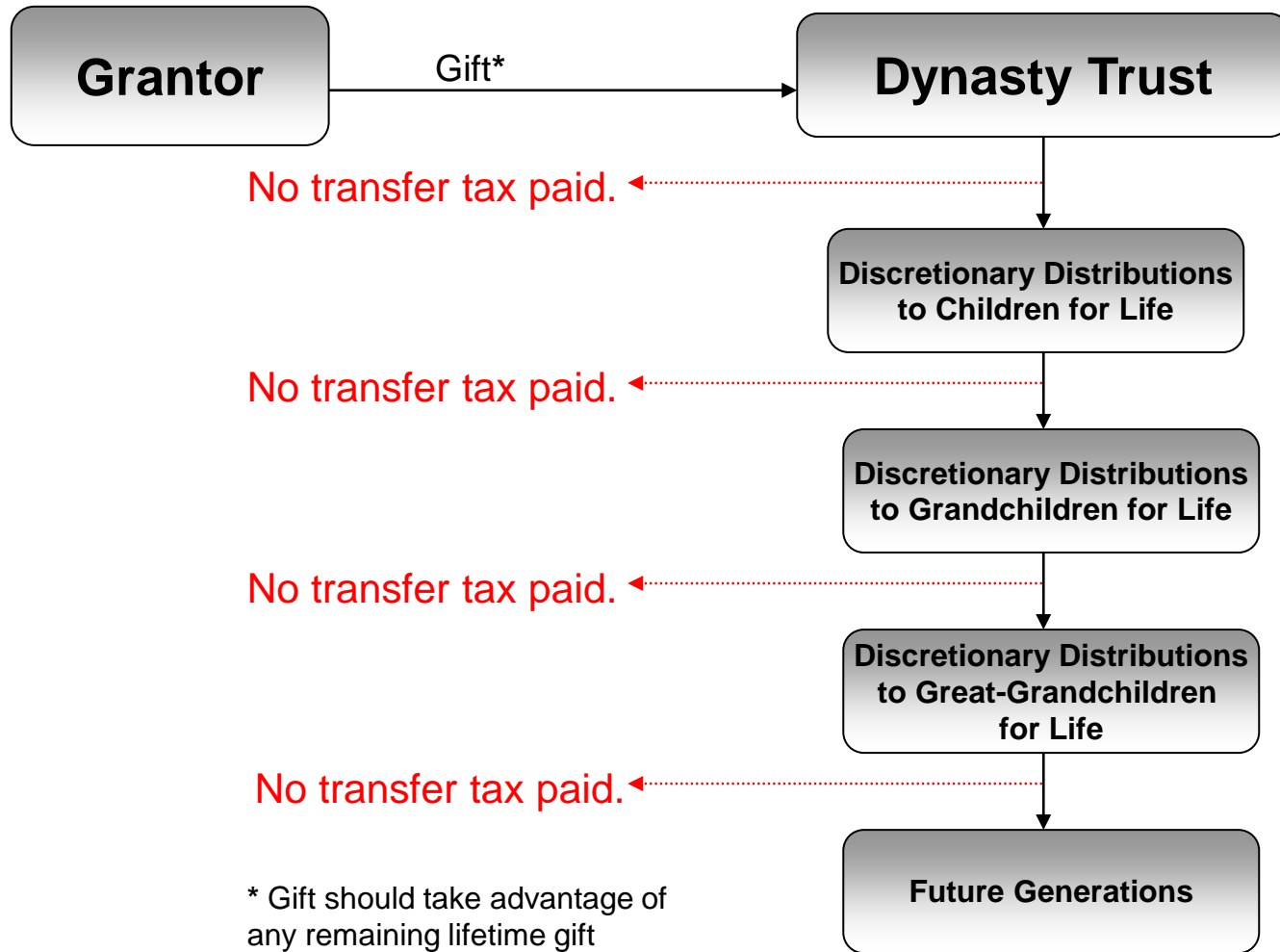


## Generation Skipping Transfer (GST) Tax

### Dynasty Trust Overview of Technique



\* Gift should take advantage of any remaining lifetime gift exclusion and lifetime GST exclusion

A Dynasty Trust is a type of trust which benefits multiple generations where none of the assets held by the trust are included in either the grantor's taxable estate or any of the beneficiaries' taxable estates. If the grantor allocates all or a portion of his/her GST exemption (currently \$5 million) to the entire transfer, none of the transfer will be subject to GST tax either in the current year or future years.

<i>Erosion of Estate at Each Generation Level</i>			
Wealth of Parents	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Estate Tax Rate	35%	35%	35%
Estate Tax	<b>\$ 1,750,000</b>	<b>\$ 1,750,000</b>	<b>\$ 1,750,000</b>
Wealth of Children	\$ 3,250,000	\$ -	\$ -
Estate Tax Rate	35%	35%	35%
Estate Tax	<b>\$ 1,137,500</b>	<b>\$ -</b>	<b>\$ -</b>
Wealth of Grandchildren	\$ 2,112,500	\$ 3,250,000	\$ -
Estate Tax Rate	35%	35%	35%
Estate Tax	<b>\$ 739,375</b>	<b>\$ 1,137,500</b>	<b>\$ -</b>
Wealth of Great-Grandchildren	<b>\$ 1,373,125</b>	<b>\$ 2,112,500</b>	<b>\$ 3,250,000</b>
<b>% of Original Wealth Passing to Great-Grandchildren</b>	<b>27%</b>	<b>42%</b>	<b>65%</b>

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