



Dbriefs U

Supplemental Material

Life! Death! Love! Hate! Greed! Benevolence! Taxes! —
Welcome to the World of Estate Planning

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About the Supplemental Material

Each Dbriefs U webcast is accompanied by teaching material including discussion or homework questions, activities, and related resources. Material is distributed by email in conjunction with the live broadcast of each webcast. For questions or more information, email dbriefsu@deloitte.com.

To request the solutions for this material, email dbriefsu@deloitte.com.

Discussion/Homework Questions

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Discuss some benefits of proper estate planning.

Describe the generation-skipping transfer tax system and its purpose.

What are the differences between an “A” trust (marital trust or QTIP trust) and a “B” trust (credit shelter trust, bypass trust, or family trust)?

Activity

To request the solutions for this material, email dbriefsu@deloitte.com.

Overview

Understanding the Effects of Good or Bad Estate Planning

Length: 30-60 minutes

Type: Individual activity

Materials: IRS tax tables, Internet, Activity Sheet and Solution

Learning Objective: Provide students with an understanding of the impact of proper estate planning on heirs and beneficiaries.

Activity: Determine the gross estate value at death for recent decedents Brooke Astor and Leona Helmsley and calculate the federal estate tax for each. Discuss the impact of estate planning on the heirs or beneficiaries.

Acronyms in Estate Planning

Length: 15 minutes

Type: Individual activity

Materials: Internet, Activity Sheet and Solution

Learning Objectives: Become familiar with common estate planning acronyms; describe the variety of estate planning options available.

Activity: Using the related resources for this webcast, match a set of estate planning acronyms with their description.

Activity

Understanding the Effects of Good or Bad Estate Planning

Using the articles provided, determine the gross estate value at death for recent decedents Brooke Astor and Leona Helmsley. Using these values and IRS tax tables (see IRC §2001 or IRS Pub. 950 at www.irs.gov), calculate the federal estate tax for each. Ignore state estate taxes. Assume that each made no lifetime taxable gifts, and that any known charitable contributions or funeral expenses will be allowed as a deduction. Discuss the impact of estate planning on the heirs or beneficiaries. Given that the available information is estimated, the exact answer is not as important as that your answer is consistent with the assumptions made.

Leona Helmsley

Assume that the full amount to the three charitable remainder trusts are taxable due to the documents' "Helmsley provisions." (hint: Charitable deduction based on charitable remainder trust (CRUT) may be calculated using <http://www.danbury.org/lfs/Remcalc.htm>).

Helmsley Will Includes Interesting Qualified Contingency and Other Provisions

by Marc D. Hoffman, Planned Giving Design Center (September 06, 2007)

<http://www.pgdc.com/jfgw/item/?itemID=428915>

Brooke Astor

Assume no other bequests other than those referenced (hint: Charitable deduction based on charitable remainder trust (CRUT) may be calculated using <http://www.danbury.org/lfs/Remcalc.htm>).

Assume the \$60 M trust is outside her estate.

Astor's Guardians Challenge Her Later Wills, Citing Incompetency, New York Times, (free registration required)

Serge F. Kovalski, (August 16, 2007)

<http://www.nytimes.com/2007/08/16/nyregion/16astor.html?ex=1190260800&en=b4a202a9999edbe5&ei=5070>

Activity

Acronyms in Estate Planning

Using the related resources for this webcast, match the following acronyms with their description:

- QPRT only structure on this list subject to the "exhaustion rule"
- QTIP tax-exempt gains, in return for sharing the upside of investments with a charity
- QDOT back-up for the estate tax
- ILIT transfers ownership of first or second home to heirs
- IDGT grantor trust often used for estate-freeze transactions
- CRAT gift-tax free property to family--to the extent the investments beat the "interest rate of the month"
- CRUT defers estate tax until the death of a non-citizen spouse
- CLT defers estate tax until the death of the surviving spouse
- GRAT holds life insurance policies, often used to fund estate taxes
- GST payoff for charity right away, heirs need patience for their share

Related Resources

To access these materials, visit www.deloitte.com/us/dbriefsu.

IRS Publication 950 – Introduction to Estate and Gift Taxes
www.irs.gov/publications/p950

The 2011 Essential Tax & Wealth Planning Guide (Deloitte publication) -
http://www.deloitte.com/view/en_US/us/Services/tax/Private-Client-Advisors-Tax-Wealth-Planning/Individual-Income-Tax-Planning-and-Compliance-Wealth-Advisors/2011-tax-wealth-planning-guide/index.htm

Staying in Place – Congress Extends the Bush Tax Cuts (Deloitte publication) -
http://www.deloitte.com/view/en_US/us/Services/tax/9a075ce3644ec210VgnVCM3000001c56f00aRCRD.htm

Planned Giving Design Center
<http://www.pgdc.com/host/philadelphia-foundation/overview>

www.deathandtaxes.com

Additional Estate Articles:

Miscellaneous:
<http://www.forbes.com/2011/02/04/gary-coleman-anna-nicole-estate-planning-danielle-andrew-mayoras-george-steinbrenner.html>

<http://blogs.forbes.com/hanisarji/2010/11/02/estate-tax-billionaires-would-have-owed/?partner=relatedstoriesbox>

John Kluge – Founder of Metromedia
<http://thetrustadvisor.com/tag/john-kluge>

Roger Milliken – Milliken & Co.
<http://www.washingtonpost.com/wp-dyn/content/article/2011/01/08/AR2011010800371.html>

George Steinbrenner – Owner of NY Yankees
http://www.nj.com/news/index.ssf/2010/07/george_steinbrenners_death_dur.html

Don Tyson – Tyson Foods, Inc.
<http://blogs.forbes.com/williamparrett/2011/01/06/tycoon-don-tyson-dies-six-days-after-return-of-estate-tax/?partner=relatedstoriesbox>

Webcast Poll Questions

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Question

A client wants to make a gift of \$5.5M in 2011 to her child in college studying accounting and consuming large amounts of ramen noodles. Assuming she has made no prior taxable gifts and has already gifted her annual exclusion to her child, how much gift tax will she pay?

- Nothing, the gift is fully covered by the unlimited educational exclusion
- \$175,000 in tax (tax on taxable gift of \$500,000)
- \$1,575,000 in tax (tax on taxable gift of \$4.5M)
- \$1,905,800 in tax (tax on taxable gift of \$5.5M)

Question

From a tax policy standpoint, what amount do you think should be exempt from estate taxes (per person)?

- \$0
- \$2,000,000
- \$5,000,000
- \$20,000,000
- Unlimited

Question

Which of these techniques will not save estate taxes?

- Revocable trust
- ILIT (irrevocable life insurance trust)
- Charitable bequest

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