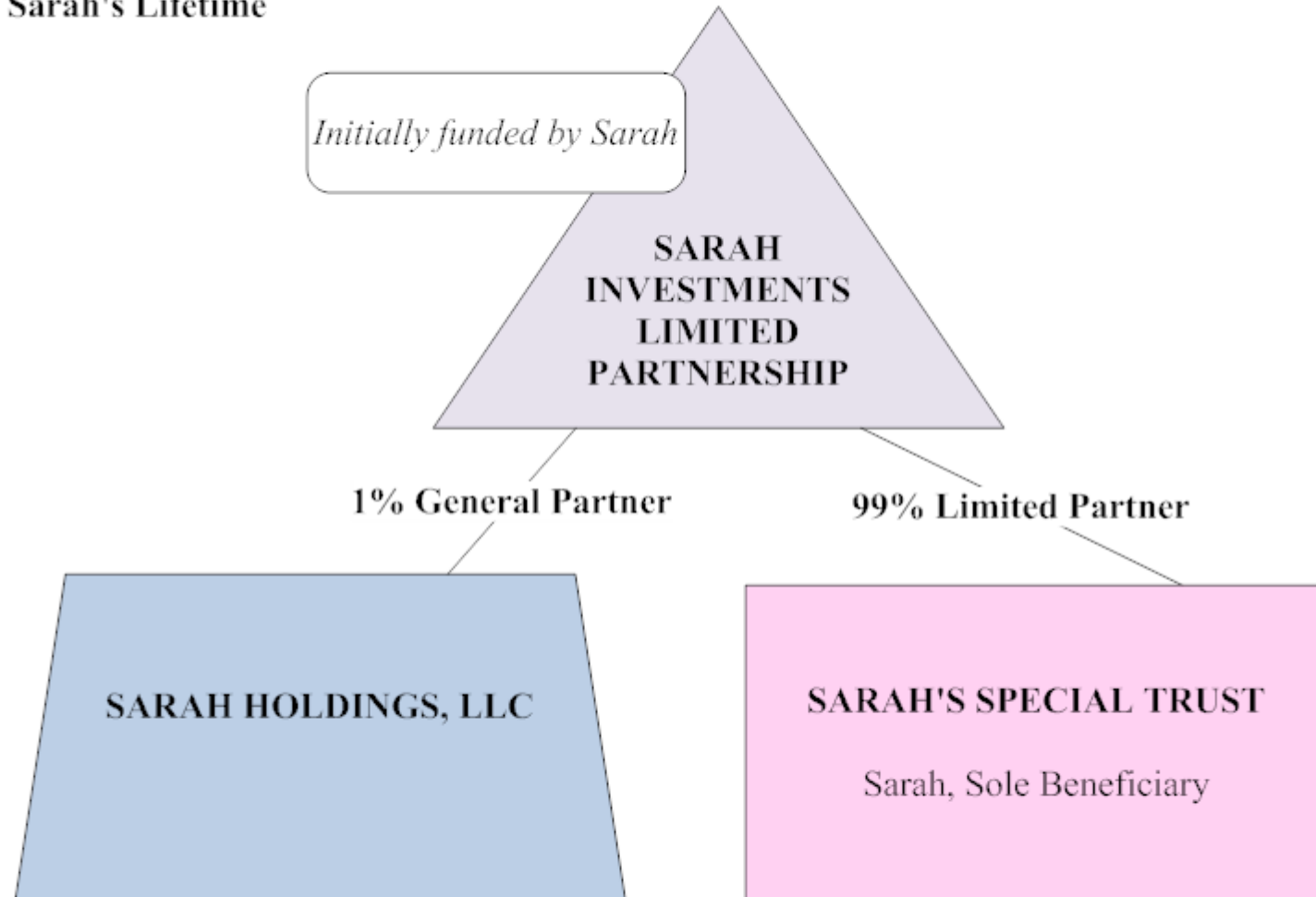


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FROZEN T-CLAT STRUCTURE

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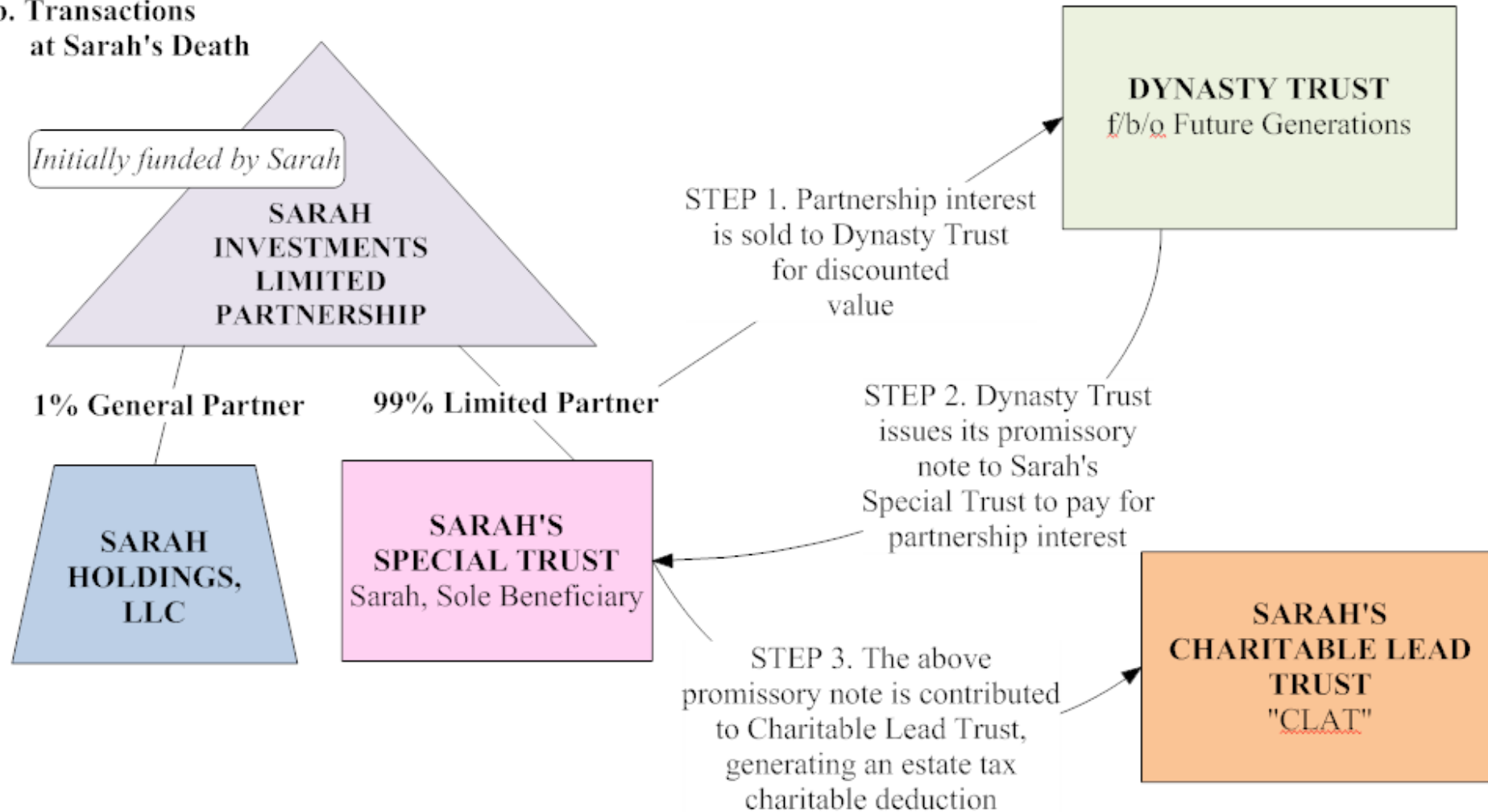
A. During Sarah's Lifetime



- ~ Sarah establishes and funds a new limited partnership
- ~ During Sarah's lifetime, Sarah (through her trust) is 99% limited partner, and can receive distributions from the partnership
- ~ Sarah will share control of general partner (with children or other designated individuals)

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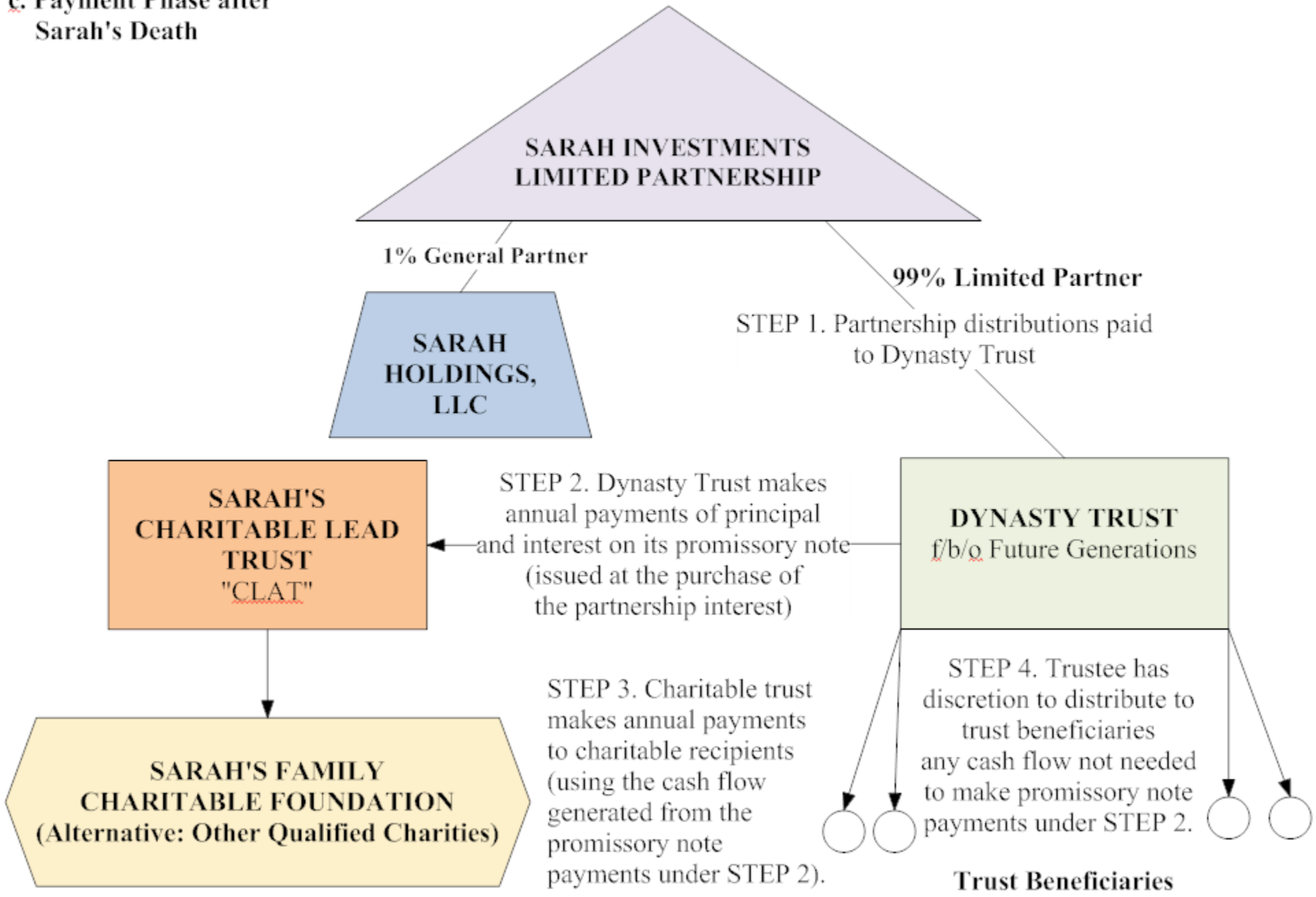
b. Transactions at Sarah's Death



- ~ At Sarah's death, a Dynasty Trust established for future generations purchases the 99% limited partnership interest
- ~ It pays for the purchase with a promissory note. Due to partnership structure, the purchase price should be less than the value of the underlying partnership assets.
- ~ The promissory note is immediately transferred to a charitable lead trust, generating an estate tax deduction.
- ~ The net estate tax effect is that only de minimis estate taxes will arise from the 99% limited partnership interest that was owned by Sarah's trust at her death.

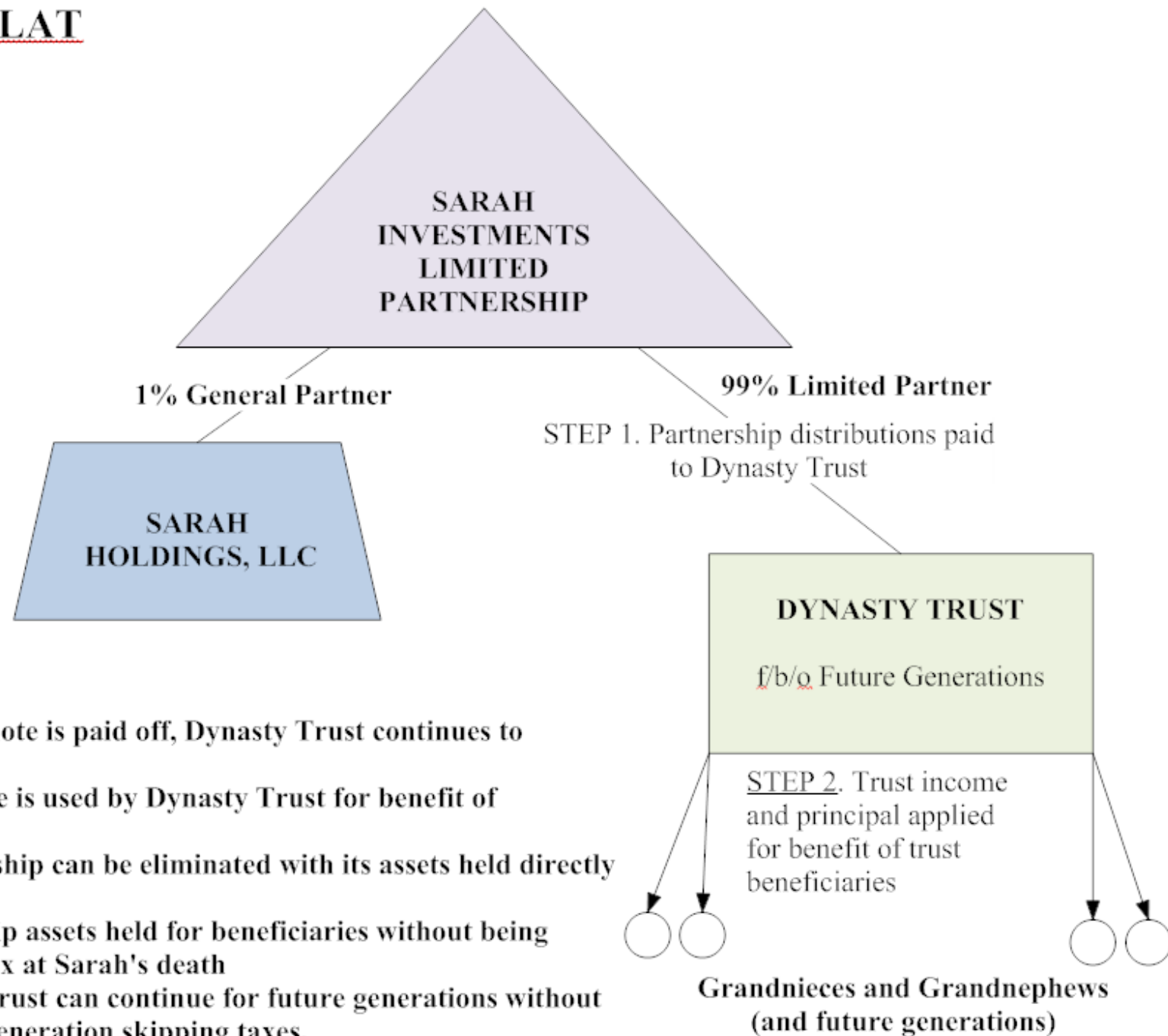
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c. Payment Phase after Sarah's Death



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d. Final Phase



- ~ After promissory note is paid off, Dynasty Trust continues to own partnership
- ~ Partnership income is used by Dynasty Trust for benefit of future generations
- ~ If desired, partnership can be eliminated with its assets held directly by Dynasty Trust
- ~ Benefit: Partnership assets held for beneficiaries without being subject to estate tax at Sarah's death
- ~ Benefit: Dynasty Trust can continue for future generations without further estate or generation skipping taxes.