# TABLE OF CONTENTS


**Page**

Introduction ..... 1

**ESTATE AND RETIREMENT PLANNING**

Table of Contents ..... 3
Planning Pointers ..... 5
Estate Planning Matrix ..... 8
The Estate Funnel ..... 10
Federal Estate Tax ..... 14
Simple Will ..... 18
Trust Will ..... 20
Revocable Living Trust ..... 24
Pour-Over Will ..... 28
QTIP Trust ..... 30
Generation-Skipping Transfers ..... 34
Installment Sale and Private Annuity ..... 38
Deferred Annuity ..... 42
Pension Maximization ..... 46
Gifts and Split-Gifts ..... 50
Estate Taxation of Life Insurance ..... 54
Life Insurance Trust ..... 56
Charitable Remainder Trust ..... 60
Grantor Retained Annuity Trust (GRAT) ..... 64
Split-Dollar Funding Life Insurance Trust ..... 68
Private Split-Dollar ..... 72
Multi-Generational Split Dollar ..... 76
Premium Financing ..... 80
Dual Loan ..... 82
Intentionally Defective Trust ..... 88
Blended Families ..... 92
Asset Protection Trust Planning ..... 96
Retirement Planning and Social Security Benefits ..... 100
IRS Inheritance Planning (IRA MAX Strategy) ..... 104
Hardship Distributions ..... 108
Excess Social Security Benefits and Life Insurance ..... 110
Life Insurance in Retirement Planning (LIRP) ..... 114
Life Insurance as Property ..... 116
Life Insurance Products ..... 120
Long-Term Care Hybrid Products ..... 124
Basis Planning and Capital Gains ..... 128
Withdrawal Sequencing and Retirement Savings ..... 132
Legacy Floor ..... 136
Long-Term Care ..... 138

Survivor Income ..... 142
College Education Funding..... 146
Deferred Compensation ..... 150
Estate and Gift Taxation of Resident and Nonresident Aliens..... 154
Domicile ..... 160
State Inheritance Map ..... 162
State Tax Summaries ..... 163
Planning for a Digital Afterlife ..... 178

**BUSINESS PLANNING**
Table of Contents..... 183
Planning Pointers ..... 185
Development Cycle of a Business..... 188
Types of Business Entities ..... 190
Disposition of a Business Interest..... 196
Business Valuation ..... 200
Entity Purchase Agreement..... 204
Cross Purchase Agreement ..... 208
Trusteed Cross Purchase Agreement ..... 212
Cross Endorsement Buy-Sell Agreement..... 216
"Wait and See" Buy/Sell Agreement ..... 220
Key Person Buy-Out Agreement ..... 224
Partial Stock Redemption ..... 228
Reverse Section 303 ..... 232
Key Person Insurance ..... 236
Family Limited Partnership ..... 240
Recapitalization ..... 244
Attribution ..... 248
Accounting for Business Life Insurance ..... 254
Accumulated Earnings..... 256

**EMPLOYEE BENEFITS**
Table of Contents ..... 259
Planning Pointers..... 261
Taxation of Employee Benefits ..... 264
Tax-Favored Retirement Plans ..... 266
401(k) Plan ..... 270
403(b) Plans..... 274
412(e)(3) Plans ..... 278
457 Plans ..... 282
Disability Planning ..... 286
Disability Income Plan..... 290
Health Reimbursement Arrangements ..... 294
Health Savings Accounts ..... 298
Nonqualified Executive Benefits ..... 302

Executive Bonus Plan ..... 306
Restrictive Bonus Plan ..... 310
Split-Dollar Insurance ..... 314
Split-Dollar Funding Cross Purchase ..... 318
Employer/Employee Split-Dollar Plans ..... 322
Annuity Matrix ..... 325

**REFERENCE MATERIALS**

**Table of Contents** ..... 327

**Terms & Concepts**

Accelerated Death Benefit ..... 329
Applicable Federal Rate ..... 330
Age-Weighted Profit Sharing Plan ..... 331
Annual Exclusion Gifts ..... 332
Annuities Non-Natural Owner Taxation ..... 333
Bank Owned Life Insurance (BOLI) ..... 334
Book Value ..... 335
Business Overhead Expense Insurance ..... 336
Cafeteria Plans ..... 337
Captive Insurance Arrangements ..... 338
Cash Balance Pension Plan ..... 340
Charitable Gift Annuity ..... 341
Charitable Gifts of Life Insurance ..... 342
Charitable Trusts ..... 343
Charity as Designated Beneficiary of Retirement Plan ..... 344
Children's Life Insurance ..... 346
Common Disaster Clause ..... 347
Community Property ..... 348
Company Owned Life Insurance (COLI) ..... 350
Constructive Receipt ..... 353
Contingent Ownership of Second-to-Die Life Policy ..... 354
Controlling Stockholder Split Dollar ..... 355
Conversion from S Corporation to C Corporation ..... 356
Corporate Alternative Minimum Tax ..... 358
Coverdell Education Savings Account ..... 359
Critical Illness Insurance ..... 360
Crummey Powers ..... 361
Death Benefit Only Plan ..... 362
Decanting ..... 363
Declining Interest Rates – Impact of ..... 364
Decoupling of State Death Taxes ..... 366
Deferral of Estate Tax ..... 367
Deferral of Gains on Certain Stock Options & RSUs ..... 368

Defined Benefit Pension Plan ..... 370
Disability Buy-Out Insurance ..... 371
Disability Income Taxation ..... 373
Disability under Social Security ..... 374
Disclaimer ..... 375
Divorce and Life Insurance ..... 376
Domestic Partners ..... 377
Durable Power of Attorney ..... 379
Dynasty Trust ..... 380
Employer Owned Life Insurance (EOLI) ..... 381
Employee Stock Ownership Plan (ESOP) ..... 384
Equity Split-Dollar ..... 386
Equity-Indexed Products ..... 390
ERISA ..... 392
Estate Equalization ..... 394
Estate Freezes ..... 395
Fair Market Value ..... 397
Family Holding Company ..... 398
Fiduciary ..... 399
Fiduciary Rules, Department of Labor (DOL) ..... 400
Financial Underwriting ..... 403
First-to-Die Life Insurance ..... 404
Foreign Trusts ..... 405
Funeral Trusts ..... 415
Golden Parachute Rules ..... 416
Grantor Trust Rules ..... 417
GRITs, GRUTs, and GRATs ..... 418
Group Carve Out ..... 419
Guaranteed Minimum Withdrawal Benefit ..... 420
Guaranteed Purchase Option ..... 421
Health Care Power of Attorney ..... 422
Incentive Stock Option ..... 423
Incentive Trust ..... 424
Income in Respect of a Decedent ..... 425
Individual 401(k) Plan ..... 426
Individual Retirement Arrangements (IRAs) ..... 427
Installment Sale ..... 428
Insurable Interest ..... 429
Interest Deduction ..... 430
Interest-Free Loans ..... 431
IRA Distribution Planning ..... 432
Legal Expense Benefit ..... 435
Leveraged Benefit ..... 436
Life Insurance Cost Basis ..... 437

Life Insurance Default Risk ..... 439
Life Insurance in Qualified Plans ..... 440
Life Insurance Policy Loans ..... 442
Life Insurance Premium Limitations ..... 445
Life Insurance Ratings Agencies ..... 447
Life Insurance and State Laws ..... 451
Life Settlements ..... 467
Limited Liability Company (LLC) ..... 469
Limited Liability Company (LLC) v. ILIT as Life Insurance Ownership Structure ..... 470
Living Will ..... 473
Managed Care ..... 474
Marital Deduction ..... 475
Medicaid ..... 476
Medicaid Planning ..... 477
Medical Information Bureau ..... 478
Medicare ..... 479
Minimum Deposit Insurance ..... 483
Minors and IRAs ..... 484
Minors and Life Insurance ..... 485
Money Purchase Pension Plan ..... 486
Net Unrealized Appreciation ..... 487
NIMCRUT ..... 488
Noncitizen Estate Planning ..... 489
Nonqualified Stock Options ..... 490
Opportunity Zones Created by the 2017 Tax Act ..... 491
Oral Trust ..... 493
Partnerships ..... 494
Penalties – Estate and Gift Taxes ..... 497
Pension Benefit Guarantee Corporation (PBGC) ..... 498
Per Stirpes – Per Capita ..... 499
Personal Holding Company ..... 500
Pet Estate Planning ..... 501
Phantom Stock Plan ..... 502
Planned Giving ..... 503
Portability ..... 504
Post Mortem Planning ..... 505
Power of Appointment ..... 506
Prenuptial Agreements ..... 507
Private Annuity ..... 508
Private Foundation ..... 509
Private Placement Life Insurance ..... 510
Probate ..... 512
Professional Corporation ..... 513

Profit Sharing Plan ..... 514
Prudent Investor Rule ..... 515
Qualified Business Income Deduction ..... 516
Qualified Conservation Easement ..... 519
Qualified Domestic Relations Order (QDRO) ..... 520
Qualified Domestic Trust (QDOT) ..... 521
Qualified Long-Term Care Insurance ..... 522
Qualified Personal Residence Trust (QPRT) ..... 523
Qualified Retirement Plans ..... 524
Qualified Small Business Stock ..... 525
Rabbi Trust ..... 526
Recessionary Estate Planning ..... 527
Reciprocal Trust Doctrine ..... 529
Reduced (Special) Valuation ..... 530
Reinsurance ..... 532
Retired Lives Reserves (RLR) ..... 533
Reverse Mortgage ..... 534
Risks – Types of ..... 535
Roth 401(k) ..... 536
Roth IRA ..... 537
Roth IRA Conversion ..... 538
Rule against Perpetuities ..... 540
S Corporation ..... 541
Savings/Thrift Plan ..... 544
Section 72(t) Calculation ..... 545
Section 303 and the Unlimited Marital Deduction ..... 546
Section 306 Stock ..... 547
Section 409A ..... 548
Section 529 Plans ..... 549
Secular Trust ..... 550
See-Through Trust ..... 551
Self-Cancelling Installment Notes (SCINs) ..... 552
Self-Employed Retirement Plans ..... 553
Sequencing of Returns with Life Insurance ..... 554
SIMPLE Cafeteria Plans ..... 557
SIMPLE IRA Plans ..... 558
Simplified Employee Pension (SEP) ..... 559
Social Security – Taxation of Benefits ..... 560
Special Needs Planning ..... 561
Split-Dollar Rollout ..... 563
Spousal Access Trust (SLAT) ..... 564
Step Transaction Doctrine ..... 565
Stepped-Up Basis ..... 566
Stock Bonus Plan ..... 567

Stranger-Originated Life Insurance (STOLI) ..... 568
Structured Settlement ..... 569
Supplemental Executive Retirement Plan (SERP) ..... 570
Survivorship Life Insurance ..... 571
Target Benefit Plan ..... 572
Tax-Free Exchange ..... 573
Tax Law – Sources ..... 574
Top-Hat Plan ..... 575
Total Return Unitrust ..... 576
Traditional IRA ..... 577
Transfer for Value ..... 578
Trust Protector ..... 580
Trusts for Minors ..... 581
Underwriting: Marijuana and e-Cigarettes ..... 582
Uniform Transfers/Uniform Gifts to Minors Acts ..... 585
Unreasonable Compensation ..... 586
Valuation of Life Insurance ..... 587
Variable Annuities ..... 588
Welfare Benefit Fund ..... 589

**Tables & References**

Federal Income Tax Rates ..... 591
Federal Estate & Gift Tax Rates ..... 592
Checklist of Documents ..... 593
Gift and Estate Tax Calculation Steps ..... 594
Intestates "Will" ..... 595
State Laws on Intestate Succession ..... 596
Lifetime RMD + Table I Rates ..... 605
Table 2001 Rates & P.S. No. 58 Rates ..... 606
Table 38 Rates ..... 607
Commissioners 2001 Standard Ordinary Mortality Table ..... 608
Healthy Life Expectancy ..... 610
Survivor Checklist ..... 611
Evaluating the Risk of Death
- One Individual ..... 612
- Two Individuals ..... 613

Facts about . . .
- Fathers, Mothers, Children ..... 614
- The Value of an Education ..... 615
- Funerals ..... 615
- The Cost of Child Care ..... 616
- The Value of a Homemaker ..... 616
- Human Life Value in the Courtroom ..... 617

Human Life Value ..... 618

Trusts and Their Uses ..... 619
Odds of Death –
Before Age 65 ..... 620
Within 10 And 20 Years ..... 621
Longevity in Retirement –
Male ..... 622
Female ..... 623
Compound Interest & Future Value Of Money ..... 624
Compound Interest & Present Value Of Money ..... 625
Future Value Table –
One Dollar Principal ..... 626
One Dollar Per Annum ..... 627
Present Value Table
One Dollar Due ..... 628
One Dollar Per Annum ..... 629
Amortization Table ..... 630
Business Comparison ..... 631
Comparison –
Cross Purchase & Entity Purchase ..... 634
Cross Purchase & Trust Cross Purchase ..... 635
Qualified Plans Checklist ..... 636
401(k) Plan Designs ..... 638
Employee Benefit Limits ..... 639
The IRA Spectrum ..... 640
Which IRA – Roth or Traditional? ..... 641
Educational Tax Incentives ..... 643
Historical Increases of Social Security Taxes ..... 644
Social Security Payroll Taxes ..... 645
Social Security Retirement Benefits – When to Take ..... 646
Projected Earnings ..... 647
Penalty of Waiting ..... 648
Early Saver vs. Late Saver ..... 649
Dollar Cost Averaging ..... 650
How Money Grows ..... 651
How Money Goes ..... 652
Medical Expense Programs ..... 653
Disability Statistics ..... 654
Disability Income – Tax Considerations ..... 655
Code Crib Sheet ..... 656

**Index** ..... 663