

Impact of Reduced Exemption Amount - 2025 vs. 2026

Prepared for Mr. & Mrs. Valued Client

Prepared by Trusted Advisor

ESTATE TAX CALCULATION BASED ON NO ADDITIONAL GIFTING

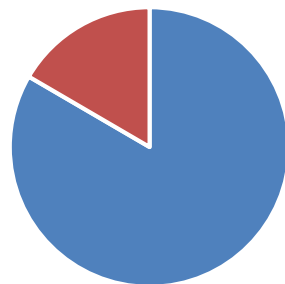
Current Value of Estate Assets: \$ 40,000,000

Current Lifetime Exemption: \$ 23,400,000

2nd Death in 2025		
Part 1		
1	Lifetime Exemption as of 2025	23,400,000
2	Prior Exemption Gifts	—
3	Current Year Exemption Gift	—
4	Available Exemption Amount	23,400,000 ← subtract lines 2 and 3 from line 1
Part 2		
5	Value of Estate Assets as of 2025	40,000,000
6	Taxable Estate	16,600,000 ← subtract line 4 from line 5
7	Federal Estate Tax Rate	40%
8	Estate Tax Due (9 months)	6,640,000 ← multiply line 6 by line 7
9	Net Estate Value to Heirs	33,360,000 ← subtract line 8 from line 5
10	Irrevocable Trust Assets	— ← trust value to heirs free of estate taxes
11	Total Wealth to Heirs	33,360,000 ← add lines 9 and 10

2nd Death in 2026		
Part 1		
1	Lifetime Exemption as of 2026	11,700,000
2	Prior Exemption Gifts	—
3	Current Year Exemption Gift	—
4	Available Exemption Amount	11,700,000 ← subtract lines 2 and 3 from line 1
Part 2		
5	Value of Estate Assets as of 2026	40,000,000
6	Taxable Estate	28,300,000 ← subtract line 4 from line 5
7	Federal Estate Tax Rate	40%
8	Estate Tax Due (9 months)	11,320,000 ← multiply line 6 by line 7
9	subtract line 8 from line 5	28,680,000 ← subtract line 8 from line 5
10	Irrevocable Trust Assets	— ← trust value to heirs free of estate taxes
11	Total Wealth to Heirs	28,680,000 ← add lines 9 and 10

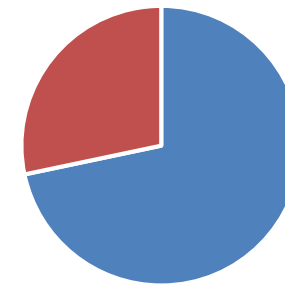
2nd Death in 2025



■ Heirs ■ IRS

\$4,680,000 more in taxes and less to heirs

2nd Death in 2026



■ Heirs ■ IRS

Impact in 2026 of New Lifetime Exemption Gift made in 2021

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ESTATE TAX CALCULATION BASED ON NO GIFT vs. MAX GIFT

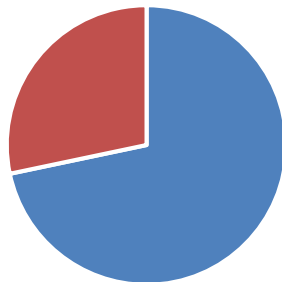
Current Value of Estate Assets: \$ 40,000,000

Current Lifetime Exemption: \$ 23,400,000

Death assumed in year 2026		
No Additional Gift		
Part 1		
1	Lifetime Exemption as of 2026	11,700,000
2	Prior Exemption Gifts	—
3	Current Year Exemption Gift	—
4	Available Exemption Amount	11,700,000 ← subtract lines 2 and 3 from line 1
Part 2		
5	Value of Estate Assets as of 2026	40,000,000
6	Taxable Estate	28,300,000 ← subtract line 4 from line 5
7	Federal Estate Tax Rate	40%
8	Estate Tax Due (9 months)	11,320,000 ← multiply line 6 by line 7
9	Net Estate Value to Heirs	28,680,000 ← subtract line 8 from line 5
10	Irrevocable Trust Assets	— ← trust value to heirs free of estate taxes
11	Total Wealth to Heirs	28,680,000 ← add lines 9 and 10

Death assumed in year 2026		
New Exemption Gift		
Part 1		
1	Lifetime Exemption as of 2026	11,700,000
2	Prior Exemption Gifts	—
3	Current Year Exemption Gift	23,400,000 ← starting trust value
4	Available Exemption Amount	— ← subtract lines 2 and 3 from line 1
Part 2		
5	Value of Estate Assets as of 2026	16,600,000
6	Taxable Estate	16,600,000 ← subtract line 4 from line 5
7	Federal Estate Tax Rate	40%
8	Estate Tax Due (9 months)	6,640,000 ← multiply line 6 by line 7
9	subtract line 8 from line 5	9,960,000 ← subtract line 8 from line 5
10	Irrevocable Trust Assets	23,400,000 ← trust value to heirs free of estate taxes
11	Total Wealth to Heirs	33,360,000 ← add lines 9 and 10

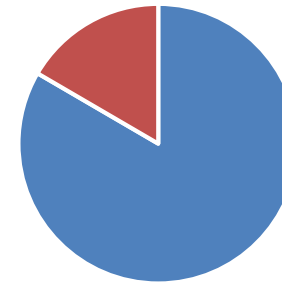
No Additional Gift



■ Heirs ■ IRS

\$4,680,000 less in taxes and more to heirs

New Exemption Gift



■ Heirs ■ IRS

Impact in 2036 of New Lifetime Exemption Gift made in 2021

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ESTATE TAX CALCULATION BASED ON NO GIFT vs. MAX GIFT

Current Value of Estate Assets: \$ 40,000,000

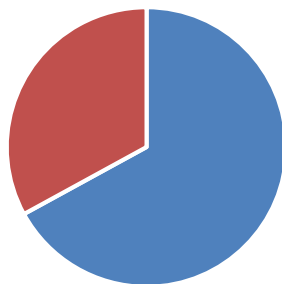
Current Lifetime Exemption: \$ 23,400,000

Assets assumed to grow at 5.0% annually and Lifetime Exemption Amount indexing assumed to be 1.50%

Death assumed in year 2036		
No Additional Gift		
Part 1		
1	Lifetime Exemption as of 2036	14,630,000
2	Prior Exemption Gifts	—
3	Current Year Exemption Gift	—
4	Available Exemption Amount	14,630,000 ← subtract lines 2 and 3 from line 1
Part 2		
5	Value of Estate Assets as of 2036	83,157,130
6	Taxable Estate	68,527,130 ← subtract line 4 from line 5
7	Federal Estate Tax Rate	40%
8	Estate Tax Due (9 months)	27,410,852 ← multiply line 6 by line 7
9	Net Estate Value to Heirs	55,746,278 ← subtract line 8 from line 5
10	Irrevocable Trust Assets	— ← trust value to heirs free of estate taxes
11	Total Wealth to Heirs	55,746,278 ← add lines 9 and 10

Death assumed in year 2036		
New Exemption Gift		
Part 1		
1	Lifetime Exemption as of 2036	14,630,000
2	Prior Exemption Gifts	—
3	Current Year Exemption Gift	23,400,000 ← starting trust value
4	Available Exemption Amount	— ← subtract lines 2 and 3 from line 1
Part 2		
5	Value of Estate Assets as of 2036	34,510,210
6	Taxable Estate	34,510,210 ← subtract line 4 from line 5
7	Federal Estate Tax Rate	40%
8	Estate Tax Due (9 months)	13,804,084 ← multiply line 6 by line 7
9	subtract line 8 from line 5	20,706,126 ← subtract line 8 from line 5
10	Irrevocable Trust Assets	48,646,920 ← trust value to heirs free of estate taxes
11	Total Wealth to Heirs	69,353,046 ← add lines 9 and 10

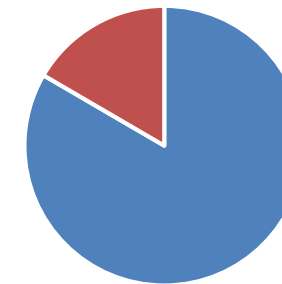
No Additional Gift



■ Heirs ■ IRS

\$13,606,768 less in taxes and more to heirs

New Exemption Gift



■ Heirs ■ IRS