

Estate Planning QuickView

Software and User Manual

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Chapter 1

Getting Started

Getting started with the Estate Planning QuickView is easy. Before you install the program, be sure that you're running a Windows 95 or later operating system. The Estate Planning QuickView does not run on Windows 3.1 or earlier operating systems.

Installing the Program

1. Insert the disk into the disk drive.
2. On the Windows Taskbar, click the **Start** button.
3. On the **Start** menu, click **Run**. The Run dialog box appears. In the **Open** box, A:\setup.EXE should appear. If it doesn't, type A:\setup.EXE.
4. Click OK.
5. The setup program begins. Follow the instructions in the setup program.

Uninstalling the Program

1. On the Windows Taskbar, click the **Start** button.
2. Point to **Settings** and click **Control Panel**. The Control Panel window appears.
3. Click **Add/Remove Programs**. The Add/Remove Program Properties dialog box appears.
4. Use the scrollbar to find the Minimum Distributions Calculator. When you find it, click the program title. Notice that the **Add/Remove** button is now functional.
5. Click the **Add/Remove** button.
6. The uninstall program begins. Follow the instruction in the uninstall program.

Chapter 2

Introducing Estate Planning QuickView

Welcome to Estate Planning QuickView

Estate Planning QuickView illustrates the relative tax advantages of several different estate planning scenarios. The program displays up to eight different estate plans for married clients and two different estate plans for single (unmarried) clients. In all plans in which a married couple has jointly owned assets, such assets pass to the estate of the surviving spouse (except in community property states, in which the “joint” assets are divided between the estates of the husband and wife as community property).

In order for you to view results quickly and easily, the program includes a number of assumptions about estate distributions and valuations. This means, that in some cases, the program’s calculations may not be entirely accurate. For example, although the program calculates death taxes, such calculations serve as comparisons and illustrations, not determinations of actual liabilities.

What do I See on the Screen?

When you run the program, the Estate Planning QuickView window appears. Following is a description of what you see when you run the program.

Title Bar

The **title** bar appears at the top of the window. It contains the following information:

- Program title
- Program version number
- File name (if the file has been saved)

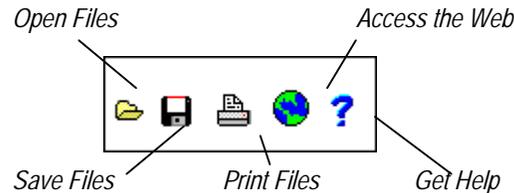
Menu Bar

The **Menu** bar is below the **title** bar. The **Menu** bar contains three menus you use to click program commands. Use the menus on the **Menu** bar to control your files and the program or to get Help.



Toolbar

The **toolbar** is below the **Menu** bar. The toolbar contains graphics as commands. You can click these graphics instead of using the related menu bar commands.



Client Data Section

The Client Data section allows you to enter the data needed to begin an analysis. If you are required to enter additional data, the program will prompt you to do so. For instructions on entering data, [click here](#).

Summary Results and Help Instructions

While viewing the Client Data section, you can also view a summary of the results or view instructions for entering data.

Function Keys

Use the Function Keys for frequently used commands. The Function Keys are located at the top of your keyboard.

Keys	Descriptions
F1	Access the Help system.
F2	Save a file.
F3	Open a file.

Also, you can use the following key combinations for frequently used commands:

Keys	Descriptions
Alt + S	Save an existing file (Save As).
Alt + P	Print a file.
Alt + R	Format a report.
Alt + S	Exit the program.
Alt + D	View client data.
Alt + W	View the flowcharts.
Alt + G	View the graphs.
Alt + E	Enter expenses.
Alt + C	Access the Help contents.
Alt + U	Find out how to use Help.
Alt + H	Search the Help index.

Chapter 3

Working with Files

Frequently Used Procedures

Following are procedures for creating, opening, and saving files within Estate Planning QuickView.

Creating a New File

- On the **File** menu, click **New**. The program clears all previous data entry and resets the program's default values.

Opening an Existing File

1. On the **File** menu click **Open**. Or on the **toolbar**, click . The **Open** dialog box appears.
2. In the **File** name box, enter the name of the file and proper extension of the file that you want to open. Be sure you have selected the proper drive and folder of your file.

Opening QuickView '99 or earlier files

1. On the **File** menu click **Open**. Or on the **toolbar**, click . The **Open** dialog box appears.
2. In the Files of type box, click .
3. From the list, click **Previous QuickView Versions**.
4. Open the file named **cases.db**.
5. In the box that appears, select the case that you want to open.

Saving a File

1. On the **File** menu, click **Save**. Or on the **toolbar**, click .
2. If the file has not been saved previously, the **Save As** dialog box appears.
3. In the **File** name box, type a name for the file. The program automatically adds the proper extension to the file name.
4. Select the drive and folder in which to save the file.

Saving an Existing File

1. Open an existing file or create a new file.
2. On the **File** menu, click **Save As**. Or on the **toolbar**, click . The **Save As** dialog box appears.
3. In the **File** name box, enter a name for the new file. The program automatically adds the proper extension to the file name.
4. Select the drive and folder in which you want to save the file.

Exiting the Program

1. Be sure that you save your file before exiting the program.
2. On the **File** menu, click **Exit**.

Chapter 4

Entering Data

Client Data Section

Entering data into Estate Planning QuickView is easy. Nearly all data entry takes place in one section. You will begin entering data for each file in the **Client Data** section.

		Husband	Wife	Joint
Status:	Names(First, First, Last):	Steve	Jo-Ann	Smith
<input type="radio"/> Single	Net Assets: <input style="border: none;" type="button" value="+"/>	\$1,300,000	\$0	\$0
<input checked="" type="radio"/> Married	Life Insurance:	\$1,000,000	\$0	\$0
<input style="border: 1px solid black;" type="button" value="Preferences"/>	Retirement Plans:	\$200,000	\$0	
	Adjustable Taxable Gifts:	\$0	\$0	
	Estate Growth:	0.00%	Domicile: FL <input type="button" value="v"/>	
	Year of First Death:	2004		
	Year of Second Death:	2010		

Input

Description

Status All files are based upon cases that involve either a **Single** individual or a **Married** couple. On the left side of the window, you will see two buttons. Click **Single** or **Married**.

Preferences The Preferences box lets you enter different names for **Marital Trusts**, **Nonmarital Trusts**, **Heirs**, and the

The names that you enter in the Preferences box will appear in the Flowcharts. For more information, see *Preferences* later in this chapter.

Names

Enter the first names of the couple in the **Husband** and **Wife** boxes. Enter their last name in the **Joint** box. If a husband and wife have different last names enter their full names in their respective boxes and do not enter anything in the **Joint** box.

The names that you enter here will appear throughout the program and on the printed reports.

Net Assets

You can simplify your data entry by entering all values net of debts and estimated administration expenses. When entering **Net Assets**, enter the values of all assets other than retirement benefits and life insurance in the **Joint** column. This includes probate assets and revocable trust assets.

When the domicile is one of the community property states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin), the program divides these assets equally between the husband's separate estate and the wife's separate estate upon the death of the first-to-die.

In non-community property states, all joint assets pass to the survivor, except in plans that make use of the unified credit. In such cases, the remainder of the joint assets (after credits have been titled) pass to the estate of the survivor.

To enter Gross Assets, see *Gross Assets Box* later in this chapter.

Life Insurance

Enter the total death benefits payable on all life insurance that is included in the gross estates of the husband and wife. This includes all life insurance in which they have any incident of ownership such as the power to name the beneficiary of the policy or borrow against the policy. In the **Joint** column, enter the amount of total death benefits payable under any second-to-die life insurance payable upon the death of the survivor of the husband and wife if either of them have any incident of ownership in the policy.

Note

In the case of death, the Current Year determines whether or not the program applies the "three-year rule." The "three-year rule" implies that if the plan owner dies within three years of the Current Year, life insurance is not removed from the estate.

In Plans 5, 6, 13, and 14, the program will automatically transfer all life insurance, including both life insurance owned by the spouse and joint or second-to-die insurance, into an irrevocable life insurance trust that is no longer part of the taxable estates of the husband or the wife. However, if death occurs within three years of the transfer, the program pulls life insurance back into the taxable estate.

Retirement Plans	<p>Enter the values of any qualified retirement plans or individual retirement accounts that will be payable to beneficiaries upon the death of the husband or wife. In the Husband column, enter the total value of the plans that the husband is the owner or participant. In the Wife column, enter the total value of the plans for which the wife is the owner or participant.</p> <p>Although retirement plan are taxable income for federal (and many state) income tax purposes, the program does not project any federal or state income taxes on retirement plan distributions. The program only uses retirement plan assets to calculate certain state death taxes.</p>
Adjustable Taxable Gifts	<p>Enter the total cumulative amount of post-1976 taxable gifts for both the husband and wife (that is, gifts in excess of the annual exclusion that do not qualify for any marital, charitable, or other deduction).</p>
Estate Growth	<p>Enter the rate at which you expect the non-insurance assets to grow. The program does not apply growth rates to insurance policies. However, it does apply growth to insurance proceeds after the death of the insured. If you're entering a rate of 5%, enter 5, not 0.05. The % sign is optional. The program compounds the growth rate annually and applies it to the estates in accordance with the years of death that you have entered.</p>
Year of First Death	<p>Enter the assumed years of death for the First-to-Die and the Survivor. This is relevant for unified credit and other scheduled tax changes as well as the optional estate growth calculations. This does not necessarily mean that the husband dies first.</p>
Year of Second Death	
Domicile	<p>Enter the abbreviation for the owner's state of domicile. Or click the down arrow and select the abbreviation from the drop-down list. The program will use this abbreviation to calculate state death tax.</p>

Preferences Box

The Preferences box lets you enter different names for **Marital Trusts**, **Nonmarital Trusts**, **Heirs**, and the **Nontaxable Trust**. The names that you enter in the Preferences box will appear in the Flowcharts.

Marital Trust:	<input type="text" value="Marital Trust"/>
Nonmarital Trust:	<input type="text"/>
Heirs:	<input type="text"/>
Nontaxable Asset:	<input type="text" value="Insurance"/>
Current Year:	<input type="text" value="2001"/>
Conform State Death Tax to Credit:	<input type="text" value="No"/>
Default Domicile:	<input type="text" value="AL"/> ▼
Estate Tax Calculations:	
	<input checked="" type="radio"/> 2009 Rates in 2009+
	<input type="radio"/> 2010 Repeal in 2010+
	<input type="radio"/> 2011 Sunset
Enter the name of the marital trust. An example of a marital trust is a QTIP Trust.	
<input type="button" value="✓ OK"/>	<input type="button" value="Set as Defaults"/>

Also, the Preferences box contains the **Current Year** box. The Current Year determines growth factors, and in the case of death, whether or not the “three year rule” applies. The “three year rule” implies that if the plan owner dies within three years of the Current Year, life insurance is not removed from the estate.

State 'Credit Tax' allows you to select how state death taxes that are based on the state death tax credit (sometimes called “slack taxes” or “sponge taxes”) will be calculated in future years. Most states will follow section 2011 of the Internal Revenue Code as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, which phases-out the credit from 2002 through 2004 and eliminates the credit after 2004. So for most states, "Phase-out" will be the correct preference. However, it appears that 13 states (Arizona, Georgia, Iowa, Kansas, Maine, Minnesota, New York, North Carolina, Rhode Island, South Carolina, South Dakota, Virginia, and Washington) will **not** follow the amendment to section 2011 and will continue to impose a death tax equal to the full amount of the credit. After 2004, when there is not supposed to be a credit but a deduction for state death taxes, it is possible that some of those states will deduct the tax

from the taxable estate for the purpose of calculating the credit under section 2011 while other states will follow present law and not deduct its own death tax for the purpose of calculating the tax. The "No Phase-out; No Deduct" preference is for those states that will **not** deduct their own death tax for the purpose of calculating the death tax and the "No Phase-out; With Deduct" preference is for those states that **will** allow a deduction for the tax in calculating the tax.

Default Domicile allows you to set the state input to a specific state every time the program starts.

Estate Tax allows you to select how future estate tax calculations under the Economic Growth and Tax Relief Reconciliation Act of 2001 will be handled: 2011 Sunset (to show the law as now written, with repeal in 2010 and reinstatement of prior law in 2011), 2010 Repeal in 2010+ (to assume that estate tax repeal is permanent), or 2009 Rates in 2009+ (to show no repeal and the continuance of 2009 rates and credits).

Note

Plans 5, 6, 13, and 14 demonstrate the "three year rule." In these plans, the program will automatically transfer all life insurance, including both life insurance owned by the spouse and joint or second-to-die insurance, into an irrevocable life insurance trust that is no longer part of the taxable estates of the husband or the wife. However, if death occurs within three years of the current year, life insurance is pulled back into the taxable estate.

Gross Assets Box

You can enter Gross Assets instead of Net Assets. To enter Gross Assets, click the blue cross, located to the right of **Net Assets**. The Asset Adjustments window appears.

Adjust entered asset values for administration or other expenses?	<input type="checkbox"/> Yes
Probate Percentage:	<input type="text" value="0.00%"/>
Debts or Fixed Expenses:	<input type="text" value="\$0.00"/>

Input	Description
Adjust entered asset values for administration or other expenses?	<p>When entering gross values, you can enter probate percentages and dollar amounts of debts or fixed expenses that will reduce the gross value that you enter. When entering gross assets, the program makes the division of the community property before calculating the administrative or other expenses that are a percentage of the estate. No change is made to the treatment of life insurance or retirement benefits.</p> <p>When the domicile is one of the community property states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin), the program divides these assets equally between the husband's separate estate and the wife's separate estate upon the death of the first-to-die.</p> <p>In non-community property states, all joint assets pass to the survivor, except in plans that make use of the unified credit. In such cases, the remainder of the joint assets (after credits have been titled) pass to the estate of the survivor.</p>
Probate Percentage	This value signifies the percentage of the estate used for administrative or other expenses such as fiduciary commissions or attorney's fees. The program will reduce the value of the probate estate by the percentage that you enter here.
Debts or Fixed Expenses	Enter any debts or fixed expenses that the program should deduct from the estate.

State Inputs Window

If you select a state that imposes a state death tax independent of the federal estate tax, and if that state requires additional information to calculate that tax, a button appears to the right of the **Domicile** box. Click the button to enter the state specific tax information.

	Steve	Jo-Ann
Percentage of Nonmarital Trust that is Taxable at First Death:	80.00%	80.00%
Percentage of Retirement Plans that are Taxable:	50.00%	50.00%
Number of Children:	2	

Depending on the state, enter the following information. The program only allows you to enter information specific to the state that you select.

Input	Description
Percent of Nonmarital Trust that is Taxable at First Death	In some states, a life estate or other interests of the surviving spouse in a trust may be exempt from tax, so only the value of the children's interests are taxable. Enter the percentage of the unified credit or nonmarital trust that should be considered taxable upon the death of the first-to-die.
Percent of Retirement Benefits that are Taxable	In some states, only retirement benefits attributable to employee contributions are subject to tax, while the benefits attributable to employer contributions are exempt from tax. Enter the percentage of any retirement plan or benefits that should be considered to be taxable.
Number of Children	In some states, the number of beneficiaries affects the calculation of the inheritance tax. The program assumes that the children of the client(s) are the beneficiaries.

Chapter 5

Viewing the Estate Plans

Plan Descriptions

Estate Planning QuickView generates eight different estate plans for married clients and two different estate plans for single (unmarried) clients. In all married plans, the jointly owned assets pass to the surviving spouse and become part of the estate of the surviving spouse, except in community property states for which the program divides the “joint” assets between the estates of husband and wife as community property.

You can view the results in the forms of flowcharts, graphs, or summary reports. Plans 1 through 8 display cases in which the husband dies first. Plans 9 through 16 display cases in which the wife dies first.

Plan	Description
Plans 1 and 8	All to Surviving Spouse
Plans 2 and 9	Unified Credit By-Pass Trust with Outright Marital Deduction The decedent's assets, life insurance, and retirement benefits are divided between a nonmarital (or unified credit or by-pass) trust and the surviving spouse in accordance with a unified credit or optimum marital deduction formula. Such a formula is intended to reduce the federal estate tax to the lowest possible amount, taking into account both the unified credit and the state death tax credit (if a state death tax is otherwise payable).

Plans 3 and 10

Unified Credit By-Pass Trust

These plans are similar to Plans 2 and 10, but with the addition of a marital trust. The decedent's assets, life insurance, and retirement benefits are divided between a nonmarital (or unified credit or by-pass) trust and a marital trust (qualifying for the marital deduction) in accordance with a unified credit or optimum marital deduction formula. Such a formula is intended to reduce the federal estate tax to the lowest possible amount, taking into account both the unified credit and the state death tax credit (if a state death tax is otherwise payable).

Plans 4 and 11

Marital Transfers to use Both Unified Credits; Unified Credit By-Pass Trust with Marital Trust

These plans are similar to plans 3 and 11, but the program will automatically shift assets in the following ways:

- From the spouse with the larger estate to the spouse with the smaller estate
- From jointly owned assets to the spouse with the smaller estate.

The program only shifts enough assets necessary to give both spouses the ability to fund a unified credit or by-pass trust regardless of who should die first.

As in Plans 3 and 11, the decedent's assets, life insurance, and retirement benefits are divided between a nonmarital (unified credit or by-pass) trust and a marital trust (qualifying for the marital deduction) in accordance with a unified credit or optimum marital deduction formula. Such a formula is intended to reduce the federal estate tax to the lowest possible amount, taking into account both the unified credit and the state death tax credit (if a state death tax is otherwise payable).

Plans 5 and 12

Transfers of all Life Insurance to Irrevocable Trusts

These plans are similar to plans 3 and 11. But the program will automatically transfer all life insurance, including both life insurance owned by the spouse and joint or second-to-die insurance, into an irrevocable life insurance trust that is no longer part of the taxable estates of the husband or the wife. However, **if death occurs within three years of the transfer**, life insurance is pulled back into the taxable estate.

The program displays the life insurance as nontaxable assets passing to the children. As in plans 3 and 11, the assets and retirement benefits of the first-to-die are divided between a nonmarital (unified credit or by-pass) trust and a marital trust (qualifying for the marital deduction) in accordance with a unified credit or optimum marital deduction formula. Such a formula reduces the federal estate tax to the lowest possible amount, taking into account both the unified credit and the state death tax credit (if a state death tax is otherwise payable).

Plans 6 and 13

Marital Transfers to Use both Unified Credits; Transfers of all Life Insurance to Irrevocable Trusts

These plans are similar to plans 5 and 13. But the program will automatically shift assets in the following ways:

- From the spouse with the larger estate to the spouse with the smaller estate
- From jointly owned assets to the spouse with the smaller estate

The program only shifts enough assets necessary to give both spouses the ability to fund a unified credit (or by-pass) trust regardless of which should die first.

As in plans 5 and 13, all life insurance is transferred into an irrevocable life insurance trust that is no longer part of the taxable estates of the husband or the wife if the year of death is more than three years from the current year. However, **if death occurs within three years of the transfer**, life insurance is pulled back into the taxable estate.

The assets and retirement benefits of the first-to-die are divided between a nonmarital (or unified credit or by-pass) trust and a marital trust (qualifying for the marital deduction) in accordance with a unified credit or optimum marital deduction formula.

Plans 7 and 14

None to Surviving Spouse

None of the decedent's assets, life insurance, and retirement benefits are distributed to or for the surviving spouse, but are instead distributed as part of the nonmarital trust (not qualifying for the marital deduction), ultimately passing to the children outside of the surviving spouse's estate.

Flowcharts

The flowcharts display the results of one plan at a time. From the flowcharts you can see how money passes from the owner, through trusts, and to the heirs. The flowcharts display total taxes and the net assets that pass to the heir.

Viewing the Flowcharts

1. On the toolbar, click **Flowcharts**. Plan 1 appears.
2. To view plans in ascending order, click **Next Plan**. To view plans in decreasing order, click **Previous Plan**.

Reading the Flowcharts

- The first row of flowchart boxes displays assets upon the death of the first-to-die.
- The second row of flowchart boxes displays the taxes due upon the death of the first-to-die.
- The third row of flowchart boxes represents the values upon the death of the second-to-die.
- The fourth row of flowchart boxes displays the taxes due upon the death of the second-to-die.
- The last row of flowchart boxes displays the total taxes for both estates and the total value that passes to the heirs.

Note

You can display the lines in the flowcharts in black or in red and green. If you click Color Flowchart Lines on the View menu, the lines will appear red and green. Red lines extending from a box indicate that money being transferred is taxed. Green lines extending from a box indicate that money being transferred is not taxed.

Graphs

The graphs display a comparison of the net assets that pass to the heir for all plans or a comparison of the total estate taxes.

Viewing the Graphs

1. On the toolbar, click **Graphs**.
2. Click the tabs at the top of the graph to view comparisons of plans 1-8 or plans 9-16. The active tab is white.

Summary Reports

The summary reports list the total estate taxes and the net assets that pass to the heirs.

Viewing the Summary Reports

- The Summary Report appears below the client data section of the program. Use the scroll bar to the right of the report to view more results. Click the **Expand** button to view the Summary Report full-screen.

Chapter 6

Formatting Reports for Printing

Estate Planning QuickView allows you to format your reports with headings, personalized fonts, and page margins. You can also select to print the date and time on your reports. To format your reports, you will use the Report Options window.

Accessing the Report Options Window

- On the **File** menu, click **Report Options**.

Creating a Heading for a Report

1. In the Report Options window, click the **Heading** box.
2. Type the text that you want to display at the top of your printed report.

Formatting Page Margins

You will format page margins using the **Page Margins** group box in the Report Options window. The **Page Margins** group box contains boxes for you to enter top, bottom, left, and right page margins.

- In the **Page Margins** group box, enter the **Top**, **Left**, **Bottom**, and **Right** margin settings (in inches).

Formatting the Text of a Report

You will format the text of your reports using the **Fonts** group box in the Report Options window. The **Fonts** group box contains three types of text to format: **Title**, **Body Text**, and **Headers**. The name of the font and its size appear next to each type. The text appears in the same color as it will on the printed report.

1. In the **Fonts** group box, click the text (**Title**, **Body Text**, or **Headers**) that you want to format. The **Font** dialog box appears.
2. Format the **Font**, **Style**, **Size**, and **Effects** of the text and click **OK**.
3. Notice the description of the text in the Report Options window has changed.

Printing the Date and Time

Use the **Printing Options** group box in the Report Options window if you want the date and time printed on reports.

- In the **Printing Options** group box, click the **Print Date** and/or **Print Time** check boxes.

Printing Page Numbers

- In the **Printing Options** group box, click the **Print Page #'s** check box.

Editing the Cover Page

1. On the toolbar, click **Final Report**.
2. Click the **Edit Cover Page** button located at the bottom of the window. The **Configure Report** window appears.
3. Click **Left**, **Center** or **Right** to align your text on the page.
4. Enter the preparer's name, the company name, and any additional information that should appear on the Cover Page.
5. Click **OK** to create the Cover Page.

Chapter 7

Printing Reports and Graphs

Selecting Reports to Print

Estate Planning QuickView allows you to print the following items, enabling you to *build* a Final Report. You can click as many of the following items as you like.

- **Cover Page**—Prints the preparer’s Name, Company Name, and additional information of your choice. You can also left align, right align, or center this information.
- **Summaries**—Prints brief descriptions of each plan, including the names of the estate owners.
- **Client Data Inputs**—Prints the information in the Client Data section.
- **Graphs**—Prints the program’s graphs.
- **Detailed Plan Descriptions**—Prints more in depth descriptions of the plans than the Summaries.

To see what will actually be printed on each of these reports, click the **Print Preview** button at the bottom of the window.

Selecting Flowcharts to Print

The **Select Flowcharts:** section contains options for selecting which flowcharts you will print. In the middle of this section, you will see descriptions of each of the plans.

Choosing the First-to-Die

- For each report description, click **Husband Dies First**, **Wife Dies First**, or a combination of both.
- If the first-to-die will be the same for every report, click **Select All for Husband Dies First** or **Select All for Wife Dies First**.
- If you want to show the most extensive set of results, you can select both **Select All for Husband Dies First** and **Select All for Wife Dies First**.
- If you do not want to print flowcharts, click **Deselect All**.

Previewing Reports

After selecting and formatting reports, graphs, and flowcharts for printing, you can preview your Final Report.

- Click **Print Preview**. The Preview Reports window opens.
- Click **Zoom** to increase magnification.
- Click **Full Page** to decrease magnification.
- Click the arrow buttons to move through the pages of report.

Setting up a Printer

1. On the **File** menu, click **Print**.
2. In the Print Options section, click **Printer Setup**.

Printing Reports to a Text or Spreadsheet File

When you save a report as a text or spreadsheet file, you are saving the inputs and the plan descriptions. You cannot save the flowchart calculations.

1. On the toolbar, click **Final Report**.
2. Click the **Print to File** button located at the bottom of the window. The Exporting Reports window appears.
3. Click **Text File** or **Spreadsheet File**.
4. Click **Create File**. The **Save As** dialog box appears.
5. Save the file.

Chapter 8

Reference Material

To keep procedures free from lengthy discussions, this manual refers to the following material.

Community Property

When the domicile is one of the community property states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin), the program treats the “joint” assets as community property. The program divides these assets equally between the husband's separate estate and the wife's separate estate upon the death of the first-to-die. If you have entered values as “gross” values instead of “net,” the program makes the division of the community property before calculating the administrative or other expenses that are a percentage of the estate. No change is made to the treatment of life insurance or retirement benefits.

In non-community property states, all joint assets pass to the survivor, except in plans that make use of the unified credit. In such cases, the remainder of the joint assets (after credits have been titled) pass to the estate of the survivor.

Total Taxes

The **Total Taxes** shown in the flowcharts is the total of the taxes at the first death and the second death. If you have entered a growth rate, and the deaths are projected to occur in different years, the program applies the same growth rate to the taxes at the first death when totaling the taxes. This way, the total reflects the true economic cost of the taxes paid at the first death.

Federal Estate Tax Calculations

Death Taxes always reflect the sum of the federal estate tax and any state death tax that may be imposed.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the state death tax credit will be reduced by 25% in 2002, by 50% in 2003, by 75% in 2004, and eliminated in 2005, when estates will be allowed a deduction (not a credit) for state death taxes paid. Of the states that impose death taxes that are supposed to be equal to the

credit, thirteen seem to have defined the amount of the credit based on federal tax law as it existed on a particular date before the enactment of EGTRRA. In those states (Arizona, Georgia, Iowa, Kansas, Maine, Minnesota, New York, North Carolina, Rhode Island, South Carolina, South Dakota, Virginia, and Washington), the state death tax may exceed the credit beginning in 2002. Because these laws may change over the next year or two, and to provide flexibility, the user must specify as a “Preference” whether or not the state death tax will conform to the federal credit.

Every state imposes a death tax at least equal to the state death tax credit allowed in determining the federal estate tax, and 10 states (in 2001) impose an independent inheritance, succession, or estate tax on transfers to spouses or heirs/beneficiaries that may exceed the state death tax credit.

The program calculates the federal estate tax based only upon the following values:

- Assets
- Marital deduction
- Unified credit
- Amounts of adjusted taxable gifts
- State death tax credit
- Credit for gift tax paid

For simplicity, the program assumes that if the total taxable gifts exceed the unified credit applicable exclusion amount, a gift tax was paid on the gifts in excess of the applicable exclusion amount, and credit is taken for the gift tax assumed to have been paid. The actual gift tax could have been more or less than the assumed gift tax, depending on the timing of the gifts.

Unified Credit Formulas

The program illustrates several estate plans that rely on a **unified credit** or **optimum marital deduction** formula. This formula can be summarized as follows:

The largest amount (if any) that can pass free of federal estate tax or will result in the least possible estate tax, taking into account the federal estate tax unified credit and the state death tax credit.

When there is no state death tax independent of the state death tax credit, the “nonmarital” or “unified credit” share of the estate will be the applicable exclusion amount, less any adjusted taxable gifts.

If there is a state death tax that is independent of the state death tax credit, the calculation may become circular. First, the nonmarital share is calculated as if there were no state death tax. Second, the state death is calculated. Third, the nonmarital share is recalculated, taking into account the credit generated by the state death tax. Fourth, the

state death tax is recalculated. This cycle continues until the calculations converge on a single number.

The program assumes that all assets included in the gross estate are available to fund the nonmarital share, regardless of whether the assets are probate assets, life insurance, or retirement benefits.

The program also assumes that all death taxes will be paid from the nonmarital share. Usually, this is only state death tax unless the estate plan uses less than the optimum marital deduction.

Marital Deduction

In all cases, the **marital trust** qualifies for the federal estate tax marital deduction, and the program includes this in the gross estate of the surviving spouse. The **nonmarital trust** does not qualify for the marital deduction and is not included in the gross estate of the surviving spouse, regardless of whether or not the surviving spouse is a beneficiary of the trust.

Except for the nonmarital share, the program assumes that all other assets of the estate will pass to or in trust for the surviving spouse, and they qualify for the federal estate tax marital deduction.

Federal Estate Tax Rates

The federal estate tax is calculated from a tax base equal to the sum of the taxable estate and the adjusted taxable gifts.

Before 2002 and for taxable estates between \$10,000,000 and \$17,184,000, there is an additional 5% imposed (or a total tax rate of 60%) until the benefits of the lower tax brackets have been eliminated. The average tax rate is 55%. Before the Taxpayer Relief Act of 1997, the 5% tax applied until the benefit of the unified credit was also eliminated. This part of the 1997 Act was a technical error, but Congress chose not to correct the error in the Technical Corrections Act of 1998.)

The unified credit and state death tax credit are deducted from the tentative tax to determine the actual federal estate tax.

Estate Value	Tax
\$0 to \$10,000	18%
\$10,000 to \$20,000	\$1,800 plus 20% over \$10,000
\$20,000 to \$40,000	\$3,800 plus 22% over \$20,000

\$40,000 to \$60,000	\$8,200 plus 24% over \$40,000
\$60,000 to \$80,000	\$13,000 plus 26% over \$60,000
\$80,000 to \$100,000	\$18,200 plus 28% over \$80,000
\$100,000 to \$150,000	\$23,800 plus 30% over \$100,000
\$150,000 to \$250,000	\$38,800 plus 32% over \$150,000
\$250,000 to \$500,000	\$70,800 plus 34% over \$250,000
\$500,000 to \$750,000	\$155,800 plus 37% over \$500,000
\$750,000 to \$1,000,000	\$248,300 plus 39% over \$750,000
\$1,000,000 to \$1,250,000	\$345,800 plus 41% over \$1,000,000
\$1,250,000 to \$1,500,000	\$448,300 plus 43% over \$1,250,000
\$1,500,000 to \$2,000,000	\$555,800 plus 45% over \$1,500,000
\$2,000,000 to \$2,500,000	\$780,800 plus 49% over \$2,000,000
\$2,500,000 to \$3,000,000	\$1025,800 plus 53% over \$2,500,000
Over \$3,000,000	\$1,290,800 plus 55% over \$3,000,000

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the maximum estate and gift tax rate will be reduced to 50% in 2002 (with no additional 5% tax), and will decline by 1% each year after that until the maximum rate is 45% in 2007.

Unified Credit

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the estate tax unified credit is scheduled to increase by steps each year until 2009, from \$600,000 to \$3,500,000, as follows:

Year	Exclusion	Credit
1997	\$600,000	\$192,800
1998	\$625,000	\$202,050
1999	\$650,000	\$211,300
2000	\$675,000	\$220,550

2001	\$675,000	\$220,550
2002	\$1,000,000	\$345,800
2003	\$1,000,000	\$345,800
2004	\$1,500,000	\$555,800
2005	\$1,500,000	\$555,800
2006	\$2,000,000	\$780,800
2007	\$2,000,000	\$780,800
2008	\$2,000,000	\$780,800
2009	\$3,500,000	\$1,455,800

State Death Tax Calculations

Every state imposes a death tax at least equal to the state death tax credit allowed in determining the federal estate tax, and 13 states (in 2000) impose an independent inheritance, succession, or estate tax on transfers to spouses or heirs/beneficiaries that may exceed the state death tax credit.

If the independent state death tax is more than the credit, the state imposes the tax. If the independent state tax is less than the credit, the state will still impose what is often called a “pickup” or “slack” tax equal to the difference, so the state will still collect the full state death tax credit.

For simplicity, the program assumes the following:

- Each case all of the decedent's assets are subject to the death tax of the domiciliary estate (that is, there is no real property or tangible personal property outside of the domicile that is subject to tax in a different state).
- Any nonmarital trust is funded first with assets subject to state death taxes and that any marital trust will qualify for any marital deduction or exemption for state death tax purposes, even though the election may be separate from the federal marital deduction election.
- Trusts funded with assets that are not taxable at the first death are not taxable at the second death because of appropriate elections, partial elections, division of trusts into separate trusts, or other appropriate estate planning techniques. For example, let's say 25% of a marital trust is funded with assets subject to the state death tax, and 75% is funded with life insurance or other assets that are not subject to the state death tax. In such a case, the program assumes that 75% of the value of the trust is still exempt from tax at the death of the surviving spouse, and

the 75% is not included in the taxable estate or taxable transfers of the spouse for the purpose of that death tax.

State Death Tax Credit

The maximum state death tax credit is calculated from the “adjusted taxable estate,” which is the taxable estate less \$60,000. This means that adjusted taxable gifts increase the tentative tax base and federal estate tax but do not increase the state death tax credit.

The tax rates before 2002 are as follows:

Adjusted Taxable Estate	Credit
\$0 to \$90,000	0.8% of the amount over \$40,000
\$90,000 to \$140,000	\$400 plus 1.6% over \$90,000
\$140,000 to \$240,000	\$1,200 plus 2.4% over \$140,000
\$240,000 to \$440,000	\$3,600 plus 3.2% over \$240,000
\$440,000 to \$640,000	\$10,000 plus 4% over \$440,000
\$640,000 to \$840,000	\$18,000 plus 4.8% over \$640,000
\$840,000 to \$1,040,000	\$27,600 plus 5.6% over \$840,000
\$1,040,000 to \$1,540,000	\$38,300 plus 6.4% over \$1,040,000
\$1,540,000 to \$2,040,000	\$70,800 plus 7.2% over \$1,540,000
\$2,040,000 to \$2,540,000	\$106,800 plus 8% over \$2,040,000
\$2,540,000 to \$3,040,000	\$146,800 plus 8.8% over \$2,540,000
\$3,040,000 to \$3,540,000	\$190,800 plus 9.6% over \$3,040,000
\$3,540,000 to \$4,040,000	\$238,800 plus 10.4% over \$3,540,000
\$4,040,000 to \$5,040,000	\$290,800 plus 11.2% over \$4,040,000
\$5,040,000 to \$6,040,000	\$402,800 plus 12.0% over \$5,040,000
\$6,040,000 to \$7,040,000	\$522,800 plus 12.8% over \$6,040,000
\$7,040,000 to \$8,040,000	\$650,800 plus 13.6% over \$7,040,000
\$8,040,000 to \$9,040,000	\$786,800 plus 14.4% over \$8,040,000
\$9,040,000 to \$10,040,000	\$930,800 plus 15.2% over \$9,040,000

Over \$10,040,000	\$1,082,800 plus 16% over \$10,040,000
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Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the state death tax credit will be reduced by 25% in 2002, by 50% in 2003, by 75% in 2004, and eliminated in 2005, when estates will be allowed a deduction (not a credit) for state death taxes paid.

Connecticut Succession Tax

Connecticut is phasing out its succession tax beginning in 1997 and ending with a complete repeal in 2005. The tax table is the same, but there is an increasing exemption each year: \$250,000 in 1997, \$500,000 in 1998, \$800,000 in 1999, and \$2,000,000 in 2000. After 2000, there is no tax on property passing to a spouse, child or grandchild, although the taxes on other classes of beneficiaries (not calculated by Estate Planning QuickView) continues until 2005.

Following is a summary of how the Connecticut Succession Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Benefits attributable to employer contributions are exempt. The program allows you to enter a factor that will determine the percentage of benefits taxable.
Marital Distributions	Not taxable.
Marital Trust	Not taxable at the first death. Subject to tax at the second death.
Nonmarital Trust	Spouse's life estate is not taxable. Present value of remainder to children is taxable. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

There is a \$5,000 exemption on jointly owned bank accounts and U.S. Savings Bonds, which is ignored in these calculations.

Taxable amount upon the death of the First-to-Die equals	
	The net assets of the first-to-die.
+	The taxable portion of retirement benefits.
-	The federal deduction (reduced by nontaxable life insurance and retirement benefits.
-	The nontaxable portion of the Nonmarital Trust (reduced by nontaxable life insurance

	and retirement benefits).
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The program applies the exemption described above by calculating the tax and then by subtracting the tax on the exemption amount.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the survivor (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The taxable portion of the retirement benefits.
+	The value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.

The program applies the exemption described above by calculating the tax and then by subtracting the tax on the exemption amount.

Tax Rates

The program bases tax rates on the following table.

Amount	Tax
\$0 to \$2,000,000	\$0
Over \$2,000,000	11.44% of the amount over \$1,000,000

Delaware Inheritance Tax

Delaware has repealed its inheritance tax for deaths after 1998. Following is a summary of how the Delaware Inheritance Tax affects the elements of an estate plan before 1999.

Life Insurance	Not taxable.
Retirement Plans	Benefits attributable to employer contributions are exempt. The program allows you to enter a factor that will determine the percentage of benefits taxable.
Marital Distributions	Not taxable.
Marital Trust	Not taxable upon the first-to-die. Subject to tax upon the death of the second-to-die.
Nonmarital Trust	Spouse's life estate is taxable at tax rates applicable to the second-to-die. The Present value of the remainder to children is taxable at rates to children. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

First-to-Die	Upon the death of the first-to-die, the taxable amount for the surviving spouse is the "nontaxable" portion of the Nonmarital Trust.
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Taxable amount for each child equals	
	The net assets of the first-to-die.
+	The taxable portion of retirement benefits.
-	The federal deduction (reduced by nontaxable life insurance and retirement benefits).
-	The nontaxable portion of the Nonmarital Trust (reduced by nontaxable life insurance and retirement benefits).
/	The number of children.

The total tax on the children's interests is the tax on each child's share multiplied by the number of children. The total inheritance tax is the total tax on the spouse's interests plus the tax on the children's interests.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The taxable portion of the retirement benefits.
+	The value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.
/	The number of children.

The total tax on the children's interests is the tax on each child's share multiplied by the number of children.

Tax Rates for the second-to-die	
Amount	Tax
\$0 to \$70,000	\$0
\$70,000 to \$100,000	\$0 plus 2% over \$70,000
\$100,000 to \$200,000	\$600 plus 3% over \$100,000
Over \$200,000	\$3,600 plus 4% over \$200,000

Tax rates for children	
Amount	Tax
\$0 to \$25,000	\$0
\$25,000 to \$50,000	\$0 plus 2% over \$25,000
\$50,000 to \$75,000	\$500 plus 3% over \$50,000
\$75,000 to \$100,000	\$1,250 plus 4% over \$75,000
\$100,000 to \$200,000	\$2,250 plus 5% over \$100,000
Over \$200,000	\$7,250 plus 6% over \$200,000

Indiana Inheritance Tax

Following is a summary of how the Indiana Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Taxable.
Marital Distributions	Not Taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Taxable upon the death of the second-to-die.
Nonmarital Trust	Spouse's life estate is not taxable. The present value of the remainder to children is taxable. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

For deaths after 6/30/98, there is a \$100,000 exemption for each child (or lineal descendant).

Taxable amount for each child upon the death of the First-to-Die	
	The net assets of the first-to-die.
+	The retirement benefits of the first-to-die.
-	The federal marital education (reduced by nontaxable life insurance).
-	The nontaxable portion of the Nonmarital Trust (reduced by nontaxable life insurance and retirement benefits).
/	The number of children.
-	\$100,000 exemption for each child.

The total tax is the tax on each child's share multiplied by the number of children.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The retirement benefits of the second-to-die.
+	The value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.
/	The number of children.
-	\$100,000 exemption for each child.

The total tax is the tax on each child's share multiplied by the number of children.

Tax Rates

Amount	Tax
\$0 to \$25,000	1%
\$25,000 to \$50,000	\$250 plus 2% over \$25,000
\$50,000 to \$200,000	\$750 plus 3% over \$50,000
\$200,000 to \$300,000	\$5,250 plus 4% over \$200,000
\$300,000 to \$500,000	\$9,250 plus 5% over \$300,000
\$500,000 to \$700,000	\$19,250 plus 6% over \$500,000
\$700,000 to \$1,000,000	\$31,250 plus 7% over \$700,000
\$1,000,000 to \$1,500,000	\$52,250 plus 8% over \$1,000,000
Over \$1,500,000	\$92,250 plus 10% over \$1,500,000

Louisiana Inheritance Tax

By Act 818 of 1997, Louisiana repealed its inheritance tax, effective July 1, 2004. Between July 1, 1998, and July 1, 2004, the tax will be reduced in stages:

- Rates between July 1, 1998 and July 1, 2001 will be reduced by 18%.
- Rates between July 1, 2001 and July 1, 2002 will be reduced by 40%.
- Rates between July 1, 2002 and July 1, 2003 will be reduced by 60%.
- Rates between July 1, 2003 and July 1, 2004 will be reduced by 80%.

For simplicity, the program assumes that the rates in effect in the last half of each year are the rates in effect through the entire year.

Following is a summary of how the Louisiana Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Not taxable.
Marital Distributions	Not taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Taxable upon the death of the second-to-die.
Nonmarital Trust	Taxable. No exemption for spouse's life estate.

Taxable amount for each child upon the death of the First-to-Die	
	The net assets of the first-to-die.
-	The federal marital education (reduced by nontaxable life insurance and retirement plans).
/	The number of children.
-	A \$25,000 exemption for each child.

The total tax is the tax on each child's share multiplied by the number of children.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The retirement benefits of the second-to-die.
+	The value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.
/	The number of children.
-	A \$25,000 exemption for each child.

The total tax is the tax on each child's share multiplied by the number of children.

Tax Rates		
Year of Death	Amount	Tax
1997	\$0 to \$20,000	2%
	Over \$20,000	\$400 plus 3% over \$20,000
1998, 1999, 2000	\$0 to \$20,000	1.64%
	Over \$20,000	\$328 plus 2.46% over \$20,000
2001	\$0 to \$20,000	1.2%
	Over \$20,000	\$240 plus 1.8% over \$20,000
2002	\$0 to \$20,000	.08%
	Over \$20,000	\$160 plus 1.2% over \$20,000
	\$0 to \$20,000	.04%

2003	Over \$20,000	\$80 plus .06% over \$20,000
2004 or later	No Tax	

Maryland Inheritance Tax

Following is a summary of how the Maryland Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Not taxable.
Marital Distributions	Taxable.
Marital Trust	Taxable in full upon the death of the first-to-die.
Nonmarital Trust	Taxable. No exemption for spouse's life estate.

There is no tax on real property passing to the surviving spouse, or the first \$100,000 of any other property passing to the surviving spouse. For simplicity, it is assumed that all real estate is owned jointly, so that the separate estate of the first spouse to die is entirely taxable, less only the \$100,000 exemption for the interests of the surviving spouse. Effective 7/1/2001, Maryland exempts from inheritance tax all property passing to children or lineal descendants. Because QuickView assumes that the ultimate beneficiaries are children or lineal descendants, this means there is no inheritance tax as far as QuickView is concerned.

First-to-Die	Upon the first-to-die, the taxable amount is equal to the net assets of the first-to-die less \$100,000 but not more than the federal marital deduction (reduced by life insurance and retirement benefits) passing outright (not in trust).
Second-to-Die	Upon the death of the second-to-die, the taxable amount is equal to the net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).

Tax Rate	1%.
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Mississippi Inheritance Tax

Mississippi has repealed its inheritance tax effective for the year 2000.

Following is a summary of how the Mississippi Inheritance Tax affects the elements of an estate plan.

Life Insurance	Taxable.
Retirement Plans	Taxable.
Marital Distributions	Not taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Taxable upon the death of the second-to-die.
Nonmarital Trust	Taxable. No exemption for spouse's life estate.

First-to-Die	Upon the death of the first-to-die, the taxable amount is the same as the federal taxable estate less the specific exemption described below under "Tax Rates."
Second-to-Die	Upon the death of the second-to-die, the taxable amount is the same as the federal taxable estate less the specific exemption described below under "Tax Rates."

Tax Rates

The program calculates the taxable estate by subtracting all other deductions from the gross estate and then subtracting the following exemption:

Year	Exemption
1997	\$600,000
1998	\$625,000
1999	\$650,000
2000	\$675,000

2001	\$675,000
2002	\$700,000
2003	\$700,000
2004	\$850,000
2005	\$950,000
After 2005	\$1,000,000

The tax is calculated from the taxable estate as follows:

Amount	Tax
\$0 to \$60,000	1%
\$60,000 to \$100,000	\$600 plus 1.6% over \$60,000
\$100,000 to \$200,000	\$1,240 plus 2.4% over \$100,000
\$200,000 to \$400,000	\$3,640 plus 3.2% over \$200,000
\$400,000 to \$600,000	\$10,040 plus 4% over \$400,000
\$600,000 to \$800,000	\$18,040 plus 4.8% over \$600,000
\$800,000 to \$1,000,000	\$27,640 plus 5.6% over \$800,000
\$1,000,000 to \$1,500,000	\$38,380 plus 6.4% over \$1,000,000
\$1,500,000 to \$2,000,000	\$70,840 plus 7.2% over \$1,500,000
\$2,000,000 to \$2,500,000	\$106,840 plus 8% over \$2,000,000
\$2,500,000 to \$3,000,000	\$146,840 plus 8.8% over \$2,500,000
\$3,000,000 to \$3,500,000	\$190,840 plus 9.6% over \$3,000,000
\$3,500,000 to \$4,000,000	\$238,840 plus 10.4% over \$3,500,000
\$4,000,000 to \$5,000,000	\$290,840 plus 11.2% over \$4,000,000
\$5,000,000 to \$6,000,000	\$402,840 plus 12.0% over \$5,000,000
\$6,000,000 to \$7,000,000	\$522,840 plus 12.8% over \$6,000,000
\$7,000,000 to \$8,000,000	\$650,840 plus 13.6% over \$7,000,000
\$8,000,000 to \$9,000,000	\$786,840 plus 14.4% over \$8,000,000

\$9,000,000 to \$10,000,000	\$930,840 plus 15.2% over \$9,000,000
Over \$10,000,000	\$1,082,840 plus 16% over \$10,000,000

Nebraska Inheritance Tax

Following is a summary of how the Nebraska Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Taxable.
Marital Distributions	Not Taxable.
Marital Trust	Not taxable at either death (for trusts with general powers of appointment).
Nonmarital Trust	Spouse's life estate is not taxable. The present value of the remainder to children is taxable. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

There is a deduction for federal estate tax paid.

There is a \$10,000 exemption for each beneficiary.

There is also a homestead allowance of \$7,500 (applicable only to a surviving spouse or minor children), a family exemption of \$5,000, and a family maintenance allowance of \$9,000 (applicable only to a surviving spouse or minor children), or a total of \$21,500 in exemptions at the first death. For simplicity, it is assumed that all children are adults at the second death, and only the \$5,000 family exemption applies.

Taxable amount upon the death of the First-to-Die equals	
	The net assets of the first-to-die.
+	The retirement benefits of the first-to-die.
-	The federal marital deduction (reduced by life insurance).
-	The nontaxable portion of the Nonmarital Trust (reduced by life insurance and any federal estate tax payable).

-	The \$21,500 family exemptions described above.
-	A \$10,000 exemption for each child.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die, but not including the marital Trust).
+	The retirement benefits of the second-to-die.
-	The \$5,000 family exemption described above.
-	A \$10,000 exemption for each child.
-	The federal estate tax payable (if any).

Tax Rate	1% for children and grandchildren
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Ohio Estate Tax

Following is a summary of how the Ohio Estate Tax affects the elements of an estate plan. Ohio has a \$500 credit against tax, so any Ohio tax should be reduced by \$500 (but not below zero). For deaths in 2001, the credit increases to \$6,600, and then increases again to \$13,900 for deaths after 2001.

Life Insurance	Not taxable
Retirement Plans	Benefits attributable to employer contributions are exempt. The program will allow you to enter a factor that will determine the percentage of taxable benefits.
Marital Distributions	Not Taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Subject to tax upon the death of the second-to-die.
Nonmarital Trust	Taxable. No exemption for spouse's life estate.

Taxable amount upon the death of the First-to-Die equals	
	The net assets of the first-to-die.
+	The taxable portion of retirement benefits.
-	The federal marital deduction (reduced by the nontaxable life insurance and retirement benefits).

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	the taxable portion of retirement benefits.

+	the value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.
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Tax Rates

Amount	Tax
\$0 to \$40,000	2%
\$40,000 to \$100,000	\$800 plus 3% over \$40,000
\$100,000 to \$565,000	\$2,600 plus 4% over \$100,000
\$200,000 to \$815,000	\$6,600 plus 5% over \$200,000
\$300,000 to \$815,000	\$11,600 plus 6% over \$300,000
Over \$500,000	\$23,600 plus 7% over \$500,000

Oklahoma Estate Tax

Following is a summary of how the Oklahoma Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Benefits attributable to employer contributions are exempt. The program will allow you to enter a factor that will determine the percentage of taxable benefits.
Marital Distributions	Not Taxable.
Marital Trust	Spouse's life estate is not taxable. Present value of remainder to children is taxable.
Nonmarital Trust	Spouse's life estate is not taxable. Present value of remainder to children is taxable. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

Exemptions

Year of Death	Exemption
Before 1999	\$175,000
1999	\$275,000
2000	\$475,000
2001	\$675,000
2002 and 2003	\$700,000
2004	\$850,000
2005	\$950,000
After 2005	\$1,000,000

Taxable amount upon the death of the First-to-Die equals	
	The net assets of the first-to-die.
+	The taxable portion of retirement benefits.
-	The federal marital deduction (reduced by nontaxable life insurance and retirement benefits).
-	The nontaxable portion of the Marital Trust (reduced by nontaxable life insurance and retirement benefits).
-	The nontaxable portion of the Nonmarital Trust (reduced by nontaxable life insurance and retirement benefits).
-	The exemption described above.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The nontaxable portion of retirement benefits.
-	The exemption described above.

Tax Rates

Amount	Tax
0 to \$10,000	1%
\$10,000 to \$25,000	\$100 plus 2% over \$10,000
\$25,000 to \$50,000	\$400 plus 3% over \$25,000
\$50,000 to \$100,000	\$1,150 plus 4% over \$50,000
\$100,000 to \$200,000	\$3,150 plus 5% over \$100,000
\$200,000 to \$500,000	\$8,150 plus 6% over \$200,000
\$500,000 to \$1,000,000	\$26,150 plus 7% over \$500,000
\$1,000,000 to \$1,500,000	\$61,150 plus 8% over \$1,000,000

\$1,500,000 to \$2,000,000	\$101,150 plus 9% over \$1,500,000
\$2,000,000 to \$2,500,000	\$146,150 plus 10% over \$2,000,000
\$2,500,000 to \$3,000,000	\$196,150 plus 11% over \$2,500,000
Over \$3,000,000	\$251,150 plus 12% over \$3,000,000

Pennsylvania Inheritance Tax

Following is a summary of how the Pennsylvania Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Not taxable. Retirement plans are subject to tax if the decedent had the "right to possess" the benefits without penalty. Benefits are usually taxable if the client is over 59½. In such a case, enter the value of the retirement plans as part of the client's assets and not as retirement benefits.
Marital Distributions	Not taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Are subject to tax upon the death of the second-to-die. Nontaxable life insurance added to a marital trust will result in tax on those proceeds upon the death of the second-to-die. However, it is assumed that separate trusts will be created, or that this tax trap will be otherwise avoided.
Nonmarital Trust	Spouse's life estate is not taxable. Present value of remainder to children is taxable. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

Taxable amount upon the death of the First-to-Die equals	
	The net assets of the first-to-die.
-	The federal marital deduction (reduced by nontaxable life insurance and retirement benefits).
-	The nontaxable portion of the Nonmarital Trust (reduced by the life insurance and retirement benefits).

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.

Tax Rate	The tax is 4.5% of the net amount passing to or for the children.
-----------------	---

South Dakota Inheritance Tax

South Dakota has repealed its inheritance tax, effective 7/1/2001.

Following is a summary of how the South Dakota Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Not taxable.
Marital Distributions	Not taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Subject to tax upon the death of the second-to-die.
Nonmarital Trust	Spouse's life estate is not taxable. Present value of remainder to children is taxable. The program allows you to enter a factor that will determine the percentage of the trust that is taxable.

South Dakota will be increasing the exemption for each child from \$30,000 to \$100,000 in \$10,000 increments as follows (for simplicity, the program assumes that the rates in effect in the last half of each year are the rates in effect through the entire year):

Effective July 1, 2000	exemption is \$40,000
Effective July 1, 2001	exemption is \$50,000
Effective July 1, 2002	exemption is \$60,000
Effective July 1, 2003	exemption is \$70,000
Effective July 1, 2004	exemption is \$80,000
Effective July 1, 2005	exemption is \$90,000
Effective July 1, 2006	exemption is \$100,000

Taxable amount upon the death of the First-to-Die equals	
	The net assets of the first-to-die.
-	The federal marital deduction (reduced by nontaxable life insurance)

	and retirement benefits).
-	The nontaxable portion of the Nonmarital Trust (reduced by the life insurance and retirement benefits).
/	The number of children.

The program calculates total tax by multiplying the tax on each child's share by the number of children.

Taxable amount upon the death of the Second-to-Die equals	
	The net assets of the second-to-die (including jointly owned property and marital distributions from the estate of the first-to-die).
+	The value of the Marital Trust (if any), not including any life insurance and retirement benefits that were not taxed upon the death of the first-to-die.
/	The number of children.
-	The \$30,000 exemption described above.

The program calculates total tax by multiplying the tax on each child's share by the number of children.

Tax Rates

For deaths in 2000, the tax on each child's share is calculated as follows:	
\$0 to \$40,000	tax is \$0
\$40,000 to \$50,000	tax is 3.75% of the amount over \$40,000
\$50,000 to \$100,000	tax is \$375 plus 6% of the amount over
Over \$100,000	tax is \$3,375 plus 7.5% of the amount over \$100,000

For deaths in 2001, the tax on each child's share is calculated as follows:	
\$0 to \$50,000	tax is \$0
\$50,000 to \$100,000	tax is 6% of the amount over \$50,000

Over \$100,000	tax is \$3,000 plus 7.5% of the amount over \$100,000
-----------------------	---

For deaths in 2002, the tax on each child's share is calculated as follows:	
\$0 to \$60,000	tax is \$0
\$60,000 to \$100,000	tax is 6% of the amount over \$60,000
Over \$100,000	tax is \$2,400 plus 7.5% of the amount over \$100,000

For deaths in 2003, the tax on each child's share is calculated as follows:	
\$0 to \$70,000	tax is \$0
\$70,000 to \$100,000	tax is 6% of the amount over \$70,000
Over \$100,000	tax is \$1,800 plus 7.5% of the amount over \$100,000

For deaths in 2004, the tax on each child's share is calculated as follows:	
\$0 to \$80,000	tax is \$0
\$80,000 to \$100,000	tax is 6% of the amount over \$80,000
Over \$100,000	tax is \$1,200 plus 7.5% of the amount over \$100,000

For deaths in 2005, the tax on each child's share is calculated as follows:	
\$0 to \$90,000	tax is \$0
\$90,000 to \$100,000	tax is 6% of the amount over \$90,000
Over \$100,000	tax is \$600 plus 7.5% of the amount over \$100,000

For deaths in 2005, the tax on each child's share is calculated as follows:	
\$0 to \$90,000	tax is \$0
\$90,000 to \$100,000	tax is 6% of the amount over \$90,000
Over \$100,000	tax is \$600 plus 7.5% of the amount over \$100,000

For deaths in 2006, the tax on each child's share is calculated as follows:	
\$0 to \$100,000	tax is \$0
Over \$100,000	tax is 7.5% of the amount over \$100,000

Tennessee Inheritance Tax

Following is a summary of how the Tennessee Inheritance Tax affects the elements of an estate plan.

Life Insurance	Not taxable.
Retirement Plans	Not taxable.
Marital Distributions	Not taxable.
Marital Trust	Not taxable upon the death of the first-to-die. Subject to tax upon the death of the second-to-die.
Nonmarital Trust	Taxable. There is not an exemption for the spouse's life estate.

First-to-Die	Upon the death of the first-to-die, the taxable amount is equal to the federal taxable estate of the first-to-die less the single exemption described below.
---------------------	--

Second-to-Die	Upon the death of the second-to-die, the taxable amount is equal to the federal taxable estate of the second-to-die less the single exemption described below.
----------------------	--

Tax Rates

The net taxable estate is determined by subtracting a single exemption, as follows:

Year	Exemption
1997	\$600,000
1998	\$625,000
1999	\$650,000
2000	\$675,000
2001	\$675,000
2002	\$700,000
2003	\$700,000
2004	\$850,000
2005	\$950,000
2005	\$1,000,000

The tax is computed from the net taxable estate as follows:

Amount	Tax
\$0 to \$40,000	5.5%
\$40,000 to \$240,000	\$2,200 plus 6.5% over \$40,000
\$240,000 to \$440,000	\$15,200 plus 7.5% over \$240,000
Over \$440,000	\$30,200 plus 9.5% over \$440,000

Chapter 9

Getting Help

If you need help, it's easy to find. Click the question mark on the toolbar and a Help topic appears. Also, use the Help menu and the Help System. If you still need help, Brentmark provides technical support.

Help Menu

Use the Help menu on the Menu bar to access the Help system, learn how to use Help, or view information about this product and other Brentmark products.

Help System

The program provides a complete Help system, so you can get help whenever you need it. Just click the question mark that appears on the toolbar. Use the Help system's Table of Contents to view Help topics by category or search the Help index for specific terms.

Technical Support

Technical Support is available by telephone, fax, e-mail, or postal mail. If you have questions concerning program calculations, please have a list of your exact data entry values available when contacting us.

Telephone

Assistance by telephone is available Monday through Friday between 9:00 AM and 6:00PM Eastern Standard Time at (407) 306-6160.

Fax

For assistance by fax, send your fax to (407) 306-6107.

E-mail

For assistance via e-mail, send your questions and comments to support@brentmark.com.

Postal Mail

For assistance by postal mail, send your questions to the following address:

Brentmark Software, Inc.
3505 Lake Lynda Drive, Suite 212
Orlando, FL 32817-8327

Please include the following information in your correspondence:

- The name to which the program is registered.
- A contact phone number.
- The program name and version number.
- Your system configuration.
- A sample printout or description of the problem.
- A list of any error messages that have appeared.

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