BUSINESS DEVELOPMENT PROPOSAL

26 U.S. Code Subtitle B - Estate and Gift Taxes

CHAPTER 11—ESTATE TAX (§§ 2001 - 2210)
CHAPTER 12—GIFT TAX (§§ 2501 - 2524)
CHAPTER 13—TAX ON GENERATION-SKIPPING TRANSFERS (§§ 2601 - 2664)
CHAPTER 14—SPECIAL VALUATION RULES (§§ 2701 - 2704)
CHAPTER 15—GIFTS AND BEQUESTS FROM EXPATRIATES (§ 2801)

Title: A Proprietary Estate Planning Methodology for High Net Worth Estates
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I. OBJECTIVE

A Business Development Proposal for a proprietary estate planning methodology of potential benefit to *Exceptionally High Net Worth Individuals* who want to transfer assets from their *Exceptionally Large Estate* to heirs or other ascertainable persons under comparatively favorable terms despite having used, or anticipating the entire use of, their tax-free maximum lifetime exemption permitted under estate tax laws of the USA.[1]

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[1] ***Exceptionally Large Estate***, for purposes of this business development proposal, means an estate with an actual or projected valuation that exceeds the tax-free maximum lifetime exemption permitted under estate tax laws of the United States.

Exceptionally High Net Worth Individual(s), for purposes of this business development proposal, means a natural person currently owning or who anticipates acquiring an *Exceptionally Large Estate* prior to their death.

II. PURPOSES

1) Provide a new or alternative means for the transfer of *Exceptionally Large Estates* to heirs or others, as desired by *Exceptionally High Net Worth Individuals*,

2) Implement favorable transfers of *Exceptionally Large Estates* to heirs or other persons as compared to that which would exist under the current tax rates applicable to *Exceptionally Large Estates* belonging to *Exceptionally High Net Worth Individuals* whose estates would be subject to estate tax laws of the United States of America,

3) Minimize potentially adverse tax implications of asset transfers that would apply to the *Exceptionally Large Estates* of *Exceptionally High Net Worth Individuals* who have fully used or anticipate fully using their maximum lifetime estate tax exemption,

4) Provide a means for *Exceptionally High Net Worth Individuals* to potentially magnify asset transfers from their estate to their heirs without triggering heightened estate tax rates and related liabilities,

5) Provide a means for *Exceptionally High Net Worth Individuals* to transfer significant assets to their heirs or other ascertainable beneficiaries while providing greater expanded uses of their maximum lifetime estate tax exemption for non-heir related or other future uses,

6) Structure certain investment related activities for *Exceptionally High Net Worth Individuals* so that the heightened estate tax rates applicable to an *Exceptionally Large Estate* can be minimized or avoided,

7) Optimize estate and investment planning cross-over activities for family members or other ascertainable beneficiaries of *Exceptionally High Net Worth Individuals* so that certain investment income or appreciation in assets that would normally be earned or accrued by *Exceptionally High Net Worth Individuals* is instead attributed to the desired ascertainable beneficiaries of those *Exceptionally High Net Worth Individuals*, and

8) Creatively structure various business entities to achieve and implement the forgoing purposes.

III. DEVELOPMENT PROPOSAL

Tax laws of the United States of America currently contain provisions related to potential gift taxes, estate taxes, and generation skipping transfers. As of current, the tax-free maximum lifetime exemption allowed by the United States government is approximately $12 million for single persons and approximately $24 million in the case of married persons. That exemption permits high net worth individuals to transfer high value items, such as real property, or other assets to desired heirs, charitable causes, or philanthropic interests without triggering heightened estate taxes. Estate planning efforts are aimed at reducing estate tax liabilities by removing assets from the estate of high net worth individuals prior to their eventual death.

This "value added" proprietary process Business Development Concept ("BDC") (see BDC description on our "Services" webpage) and related proposal is for the design of a structured estate planning methodology for *Exceptionally High Net Worth Individuals* who have, or anticipate having, an estate with a valuation that will exceed the tax-free maximum lifetime exemption permitted under estate tax laws of the United States. It was designed and developed in contemplation of subtitle B of Title 26 of the US Code (see cover photo of this proposal).

The break-even point for a non-business purchaser is A) in the case of a single person, an estate with an approximate value of $22 million or B) in the case of a married couple, an estate with an approximate value of $34 million.[2] Where an estate exceeds this amount, the cost of purchasing this development plan would be less than payment of estate taxes For example, in the below table (figures are approximate), because the

[2] This break-even assessment excludes third-party post development expenses referenced in the disclosures section.

approximate estate tax that would be owed in examples A and B is equal to the approximate cost of this development plan, the referenced $22 million and $34 million estate valuations are the break-even point for the cost of purchasing this development plan. Because the approximate estate tax that would be owed in examples C and D is greater than the approximate cost of this development plan, this estate planning methodology could be beneficial to those having or anticipating estates that exceed these break-even valuations.

EXAMPLE	**A**	**B**	**C**	**D**
	Single person with $22 million estate	Married couple with $34 million estate	Single person with $30 million estate	Married couple with $60 million estate
Maximum lifetime estate tax exemption	$12 million	$24 million ($12 million per spouse)	$12 million	$24 million ($12 million per spouse)
Remaining estate value after use of tax-free exemption	$10 million	$10 million	$18 million	$36 million
Estate tax at 40% rate (applied to remaining estate value)	$4 million in estate tax	$4 million in estate tax	$7.2 million in estate tax	$14.2 million in estate tax

This Business Development Proposal is only suitable for persons with *Exceptionally Large Estates*, as that term was earlier defined, businesses or law firms that may desire to procure further development of this Business Development Proposal for potential use in the delivery of their services to their clients, or investment firms looking for an additional service offerings to existing

customers or, alternatively, for the creation of a freestanding complimentary business catering to *Exceptionally High Net Worth Individuals*.

SPECIAL ATTENTION SHOULD BE GIVEN TO THE DISCLAIMERS AND DISCLOSURES SECTION IN ADVANCE OF SECURING FURTHER DEVELOPMENT OF THIS PROPOSAL INTO A DEVELOPMENT PLAN.

IV. FEE REQUEST FOR DEVELOPMENT

The factors involved in the pricing of this BDC and related business development plan include:

1) The proprietary nature of the development proposal, development plan, and estate planning methodology to which they relate,
2) The novelty of the development proposal, development plan, and estate planning methodology to which they relate,
3) The benefits, in the form of minimized tax obligations, that may inure to the estate of *Exceptionally High Net Worth Individuals* who might implement the estate planning methodology or certain aspects of it into their existing estate planning activities **OR**, alternatively, the benefits that may inure to a law firm, estate planning, or investment business through client generated revenues and tailored services attending the use or implementation of the designed estate planning methodology in client matters,

4) The monetary values of the *Exceptionally Large Estates* to which this business development proposal and related estate planning methodology would apply,

5) The resources available to *Exceptionally High Net Worth Individuals* and their would-be heirs (or other benefitting ascertainable recipients of their estate) that are preserved or otherwise assisted with the implementation of the development plan and related estate planning methodology,

6) The comparative effects of the heightened estate tax rate that would otherwise apply to an *Exceptionally Large Estate*, in the absence of utilizing this proprietary estate planning methodology (with or without other estate planning measures), where the maximum lifetime estate tax exemption has already been fully used, allocated, or anticipated to be used,

7) The greater flexibilities afforded to *Exceptionally High Net Worth Individuals* with children in deciding how to use their maximum lifetime estate tax exemption,

8) The potential for *Exceptionally High Net Worth Individuals* to magnify the amount of asset transfers from their estate to their heirs without triggering heightened estate tax rates and related liabilities,

9) The flexibility and versatility of this estate planning methodology as:

A) an isolated solution to reduce or avoid estate taxes of a single estate,

B) a cooperative multi-buyer estate planning solution with shared and allocated expenses in post-development implementation, or

C) as a potential free-standing specialty business enterprise catering to *Exceptionally High Net Worth Individuals*, <u>AND</u>

D) optimization of investment planning cross-over activities so that certain income or appreciation in assets are attributed to the heirs or desired beneficiaries of the *Exceptionally High Net Worth Individuals* rather than the *Exceptionally High Net Worth Individuals* to minimize estate taxation liability issues,

10) The potential use and implementation of the estate planning aspects with or without the investment related aspects,
11) The potential adaptability of the proprietary estate planning methodology to other applications than that of immediate heirs and family members, and
12) Other yet-to-be identified advantages or benefits.

Based upon the foregoing factors, the requested fee for this BDC, business development proposal, and the business development plan to be prepared is based upon the possible four following options:

A) **Advance contract with attorney or agent (single buyer at full asking price):** $4.4 million with an allocated $400,000 commission to any attorney or independent agent capable of locating and coordinating a disclosed buyer. This fee for the development plan excludes any post-delivery expenses or consulting fees for services that, if desired, are to be later determined.

B) **Advance contract with attorney or agent (multi-buyer interest):** Where multiple buyers may be interested in the purchase of this business development proposal, the potential sale of this development plan shall be handled based on the following options. **Option 1**: Would-be disclosed purchasers that are in agreement to share the proprietary business development plan and estate planning methodology may, with pre-approval by us, agree to contribute to the total purchase price or **Option 2**: Where the would-be purchasers are not in agreement to share the proprietary business development plan and estate planning methodology, the would-be purchasers may, with pre-approval by us, participate in a bid process to be arranged with a set cut-off date. In the case of **Option 1**, the 10% commission fee shall be shared amongst the attorneys or agents in proportion to the contributing purchase price of their respective clients or principals. In the case of **Option 2**, if the sale price exceeds $4.4 million, the agent's commission fee shall be $400,000 plus 10% of any amount that exceeds $4.4 million full asking price. This fee for the development plan excludes any post-delivery expenses or consulting fees for services that, if desired, are to be later determined.

C) **Advance contract with attorney or agent (buyer at less than full asking price):** A ten percent commission fee will be afforded for locating a disclosed buyer at the best offering price that is less than the full asking price, with the final sale price subject to our approval. Any agreement for sale at less than the full asking price excludes actual expenses that may be involved in preparing the development plan (which may be waived in our discretion) and any post-delivery expenses or consulting fees for services that, if desired, are to be later determined.

D) **Direct buyer purchase without advance contract:** For the direct purchase of this business development plan without restrictions on further use or resale of the concept, proposal, development plan, and estate planning methodology, the cost is $4,000,000. This fee for the development plan excludes any post-delivery expenses or consulting fees for services that, if desired, are to be later determined.[3]

While this estate planning methodology could realize reduced administrative and implementation expenses if implemented in a concurrent and cooperative nature for multiple *Exceptionally High Net Worth Individuals*, **PLEASE REVIEW DISCLOSURE #10 FOR ADDITIONAL CONSIDERATIONS WITH RESPECT TO OPTIONS #B1 and #D.**

While the requested fee is not insignificant, given the above identified factors, potential the costs for the further development of this BDC and business proposal into a development plan is insignificant in relation to potential estate taxes that could be incurred by *Exceptionally High Net Worth Individuals* or the revenues that might by earned by a purchasing law, estate planning, or investment firm through revenues in the delivery of legal, estate, or investment services.

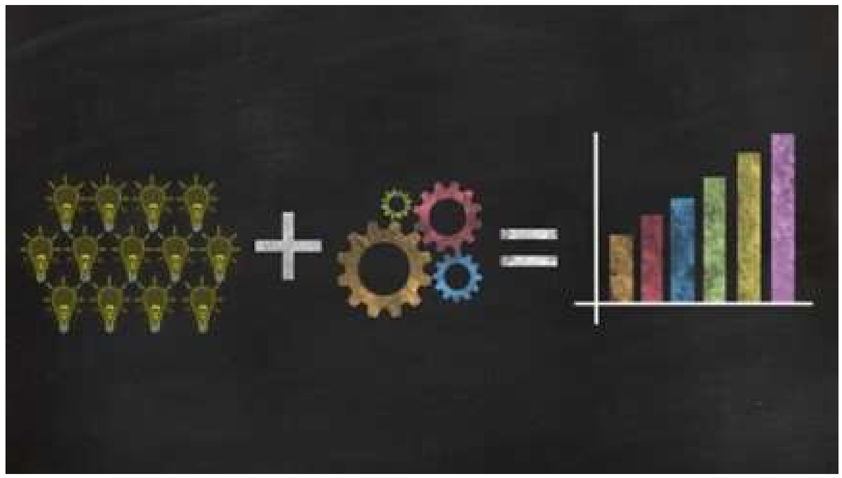
V. THE DEVELOPMENT PLAN

If engaged, this BDC and business development proposal will be further augmented and worked up into a development plan particular to the status of the buyer (whether as a single person or couple, multiple persons/couples purchasing as joint-

[3] Other situations not described here will be handled on a case-by-case basis.

buyers, or a private business delivering services to individual clients) and will include the following deliverables:

1) General explanation within the development plan of the mechanics of the estate planning methodology and how it would function,
2) Explanation within the development plan of how the *Exceptionally High Net Worth Individuals* benefit from the estate planning methodology,



3) Explanation within the development plan of how the *Exceptionally Large Estate* of *Exceptionally High Net Worth Individuals* would benefit from the estate planning methodology,
4) Explanation within the development plan of how the estate planning methodology can be adaptable for the heirs of the *Exceptionally High Net Worth Individuals*, on the one hand, or other unrelated ascertainable persons if such be desired,
5) Diagrams within the development plan of the business entity structure(s) anticipated to be utilized in carrying out the estate planning methodology,
6) Explanation within the development plan of why the specific business entity structure(s) were selected,
7) Explanation within the development plan of a simplified cost and benefit analysis of the chosen entity structuring within the estate planning methodology,

8) Explanation within the development plan of a possible expense saving measure that may exist concerning the estate planning methodology,

9) Explanation within the development plan of the certain conditions or actions to be taken to realize certain expense savings (this deliverable is specific to multi-buyers or business buyers),

10) Explanation within the development plan of how administrative and implementation expenses might be reduced if the estate planning methodology were concurrently implemented for multiple *Exceptionally High Net Worth Individuals* (this deliverable is specific to multi-buyers or business buyers), and

11) Additional information that, in our discretion, is believed to be beneficial for an understanding of the development plan or the estate planning methodology to be described therein.

VI. DISCLAIMERS & DISCLOSURES

1) General disclaimer. In deciding to engage the formal work-up of a Business Development Concept as a development plan, no assurances or guarantees are provided that the proprietary nature of the development plan to be provided has not been previously conceived, contemplated, considered, or even rejected by knowledgeable specialists within the specific industry to which the Business Development Concept relates. While effort has been made to provide accurate information for evaluation, in deciding to engage the formal work-up of a Business Development Concept into a development plan, you

understand and agree that there is the possibility, even if remote, of unforeseen or uncontemplated circumstances that may render a development plan incapable of being implemented or possibly useless. **Please refer to the Terms of Service on our website for additional important terms and information.**

2) No legal practice or legal services. We are not engaged in the practice of law nor are we licensed to practice law. Further, we do not represent any prospective purchaser of this estate planning methodology in an attorney-client relationship absent changed circumstances, which are currently unforeseen. As we are not engaged in the practice of law, we do not intend to prepare any legal documents for any prospective purchaser of this development plan and the estate planning methodology. This offering is ONLY for the structural plan and mechanics of an estate planning methodology targeting a reduction in potentially applicable estate taxes that might apply to an *Exceptionally Large Estate*. Any prospective purchaser understands and agrees that consultation with an estate planning attorney (or other legal professionals) will be required to have this estate planning methodology evaluated for suitability to their individualized and unique circumstances and, additionally, to have estate planning legal documents drafted and prepared.

3) Changes in law and regulatory position. Tax related statutes, codes, and regulations change frequently with revisions occurring on an annual basis. While this estate planning methodology was designed for the stated purposes while considering subtitle B of title 26 of the US Code, there is a possibility that intervening changes of law,

or a repeal of certain laws, might greatly impair or render the estate planning methodology useless. Likewise, because estate planning objectives utilize existing laws and business structures as part of a plan to minimize tax payments, there is always a possibility – even if remote – that tax regulators may take issue a particular estate planning methodology or certain aspects of it, which may be beyond the control of even the most sophisticated estate planning professionals.

4) No guarantees of best plan. Estate plans are best tailored to the circumstances of an individual's unique situation and asset holdings. Because this estate planning methodology is not specific to any specific person, but - instead - a particular type of person belonging to a particular class (*Exceptionally High Net Worth Individuals* with *Exceptionally Large Estates* seeking to minimize tax liabilities on the transfer of assets with cumulative valuations exceeding the maximum lifetime estate tax exemption), there is no guarantee that this estate planning methodology may be ideal for a particular given individual. While this estate planning methodology is believed to be capable of use by any person(s) having, or anticipating to have, an *Exceptionally Large Estate* and belonging to the particular class for which it was developed, it may require further adaptation or revision with an estate planning attorney and other professionals once it has been reviewed and evaluated by them for potential implementation and applied use for the circumstances of a particular individual.

5) Fees of other professionals. This development plan contemplates the use of conventional investments and investment strategies (long term stock or asset holdings)

as part of the planning methodology. While such investment activities may be undertaken by the persons who might make use of this estate planning methodology, wealthy individuals often have asset managers and financial advisors. To the extent that such professionals are used in conjunction with the investment-related portions of this estate planning methodology, those asset managers and financial planners would incur fees or commissions that represent additional expenses that might not be apparent by evaluating this business proposal. While those additional fees may be avoided through self-management, given the manner that wealthy people's estates are typically managed, such is disclosed to avoid any undue surprise as an unknown variable expense.

6) Plan optimization. This plan contemplates a couple of main assumptions. **First**, the *Exceptionally High Net Worth Individuals* have respective estates exceeding the tax-free maximum lifetime estate tax exemption and, **second**, they desire to transfer a portion of their entire estate to their heirs or other ascertainable persons in an amount that cumulatively exceeds the tax-free maximum lifetime estate tax exemption while also minimizing potential tax liabilities. In addition to the use of investment strategies mentioned above, the availability of time (as is typical with most long-term investment strategies) makes this plan more effective in achieving certain objectives. As such, the greatest benefit will be realized where it is implemented as soon as practical after the benefitting recipients have been ascertained, whether heirs or unrelated persons.

7) Other miscellaneous fees. Estate planning often utilizes complex entity structuring to obtain more favorable treatment than would otherwise exist without the use of those

entities. The creation of business entities necessarily involves added expenses in the form of entity franchise fees, accounting fees, and potential taxes. While this estate planning methodology contemplates the use of such entities, additional costs are nonetheless believed to be significantly less than the current tax rates to be applied in assessing estate tax liabilities.

8) Integration and trust instruments. This estate planning methodology does not involve the use of trust instruments that are typical to most estate planning activities. For this reason, it is believed to have utility for potential integration into and with other estate planning activities and objectives, including those that may use trusts. While this proprietary planning methodology is believed to have integration potential with other estate planning activities that utilize trusts, its integration potential may be limited, restricted, or require estate plan restructuring where trusts are already being used as part of the overall existing estate planning objectives.

9) State laws not contemplated. While this business development proposal is for a development plan involving an estate planning methodology, it has not been contemplated or evaluated for implications of state law. However, since this estate planning methodology was conceived with federal estate tax statutes in mind, this development proposal for the development plan (and estate planning methodology to be described, outlined, and diagramed) is believed to not have any substantial state law related complications by application of preemptive principles of constitutional law. The implications, if any, of state laws should be discussed with appropriate estate planning

attorneys or other professionals in the context of the individual circumstances specific to the particular *Exceptionally Large Estate*.

10) Loss of proprietary nature. The fees requested for the further development of this proposal may be split amongst more than one person or business entities if desired, but the confidential aspects of the would-be estate planning methodology are diminished in direct proportion to the number of unaffiliated persons to whom it is disclosed. Consequently, the greater the breadth of disclosure, there is a corresponding increase in the likelihood that laws may be revised to foreclose the contemplated benefits that may be derived from the proprietary aspects of the estate planning methodology.

Thank you for considering SEE Consulting to potentially assist you with your business development or planning needs.

Sincerely,

Mr. Cameron Mostaghim

A Presentation of SEE Consulting

in collaboration with SEE Publishing