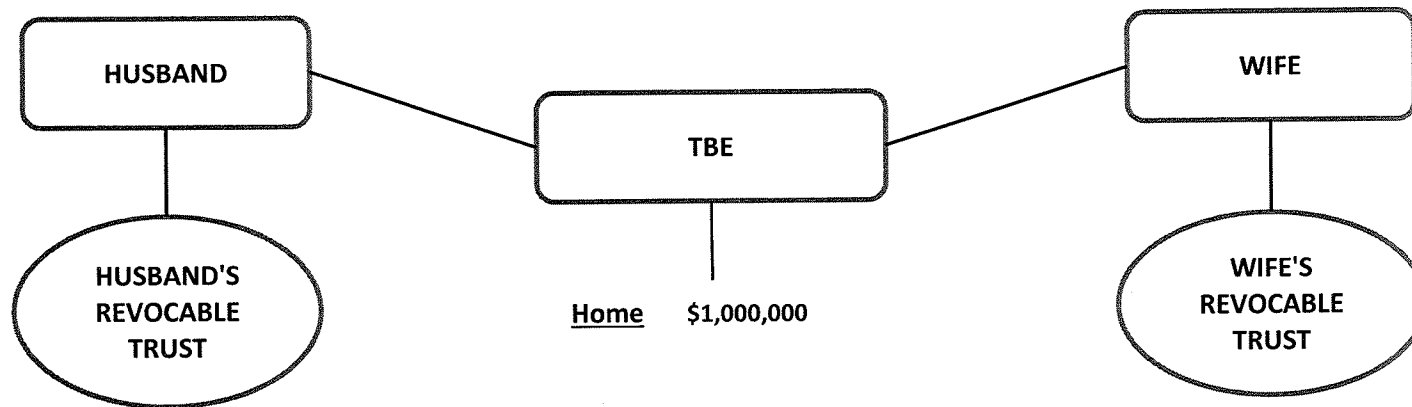


STEP 1

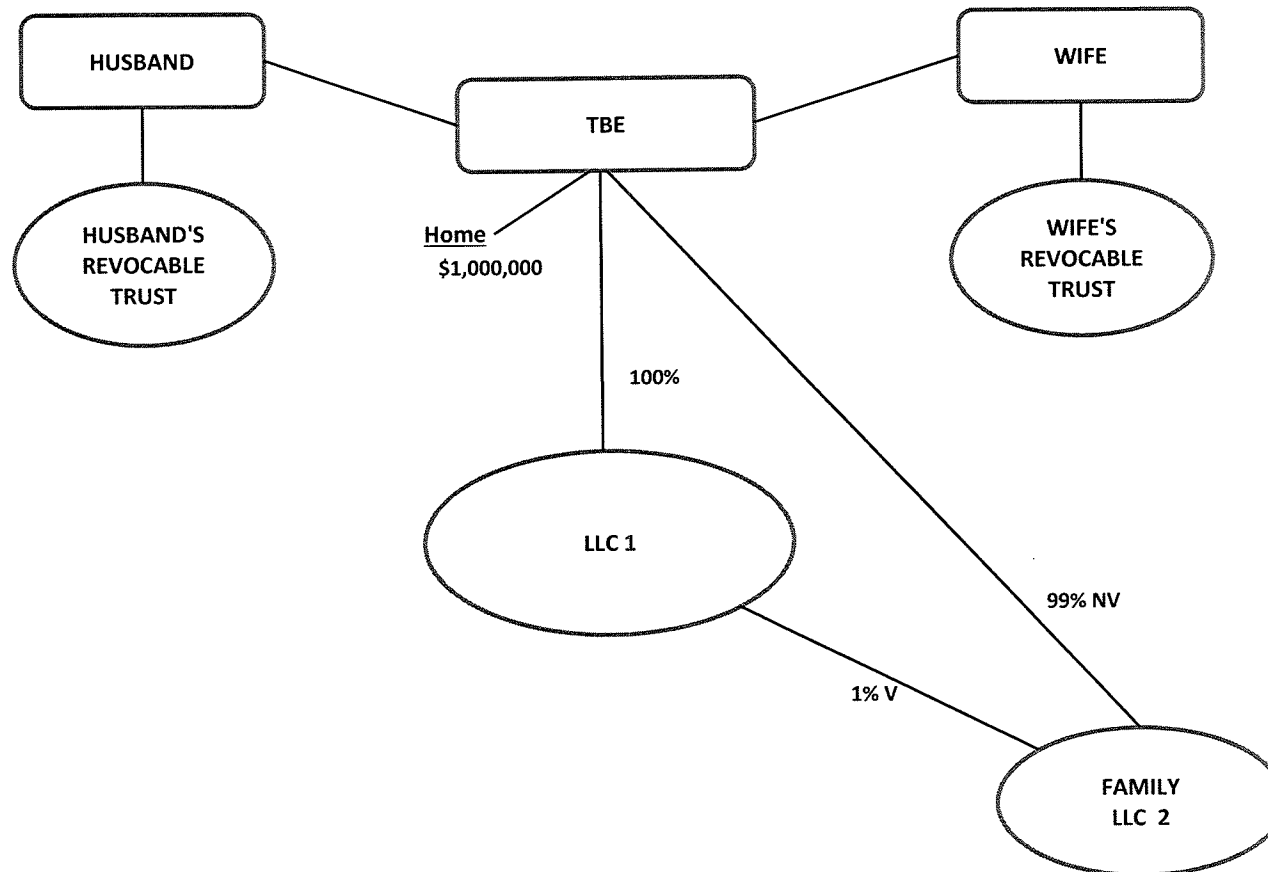


STEP ONE:

Husband and wife have \$16,000,000 of investments and would like to avoid potential future creditor claims and federal estate taxes.

They have two children.

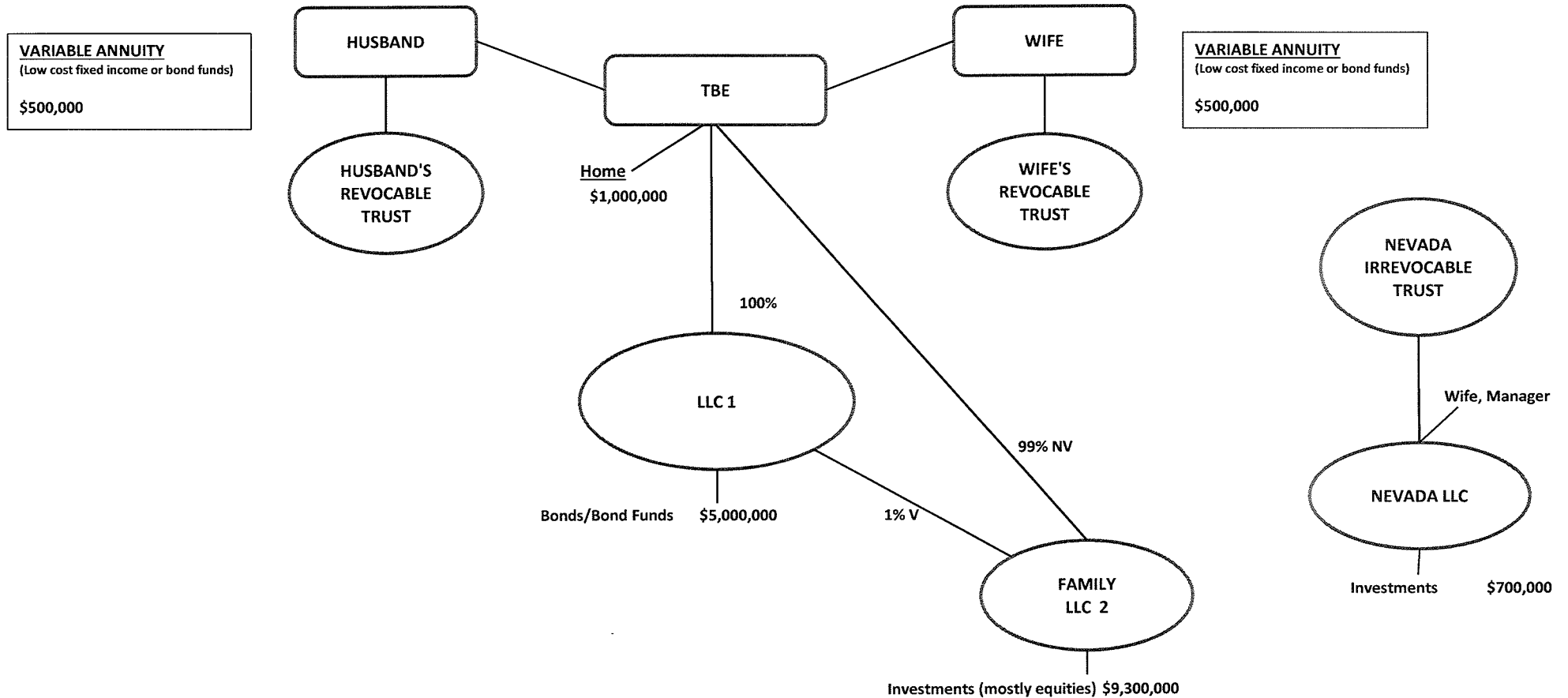
STEP 2



STEP TWO:

Husband and Wife establish LLC 1 and LLC 2.

STEP 3

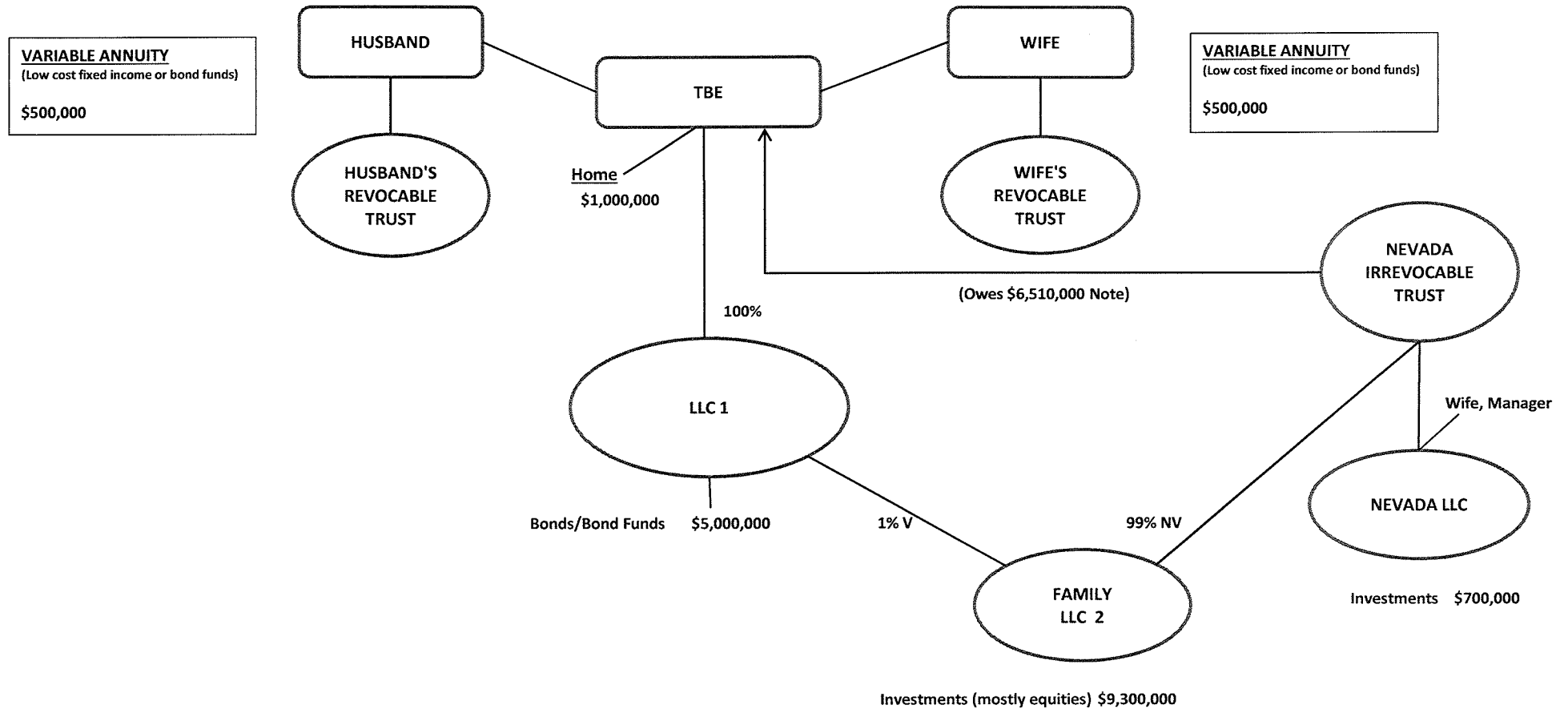


STEP THREE:

Husband and Wife establish Nevada Irrevocable Trust and subsidiary LLC, and transfer \$700,000 as a gift to the subsidiary LLC.

They also place \$5,000,000 of bonds under LLC 1, and \$9,300,000 of investments under LLC 2, and purchase two \$500,000 variable annuities.

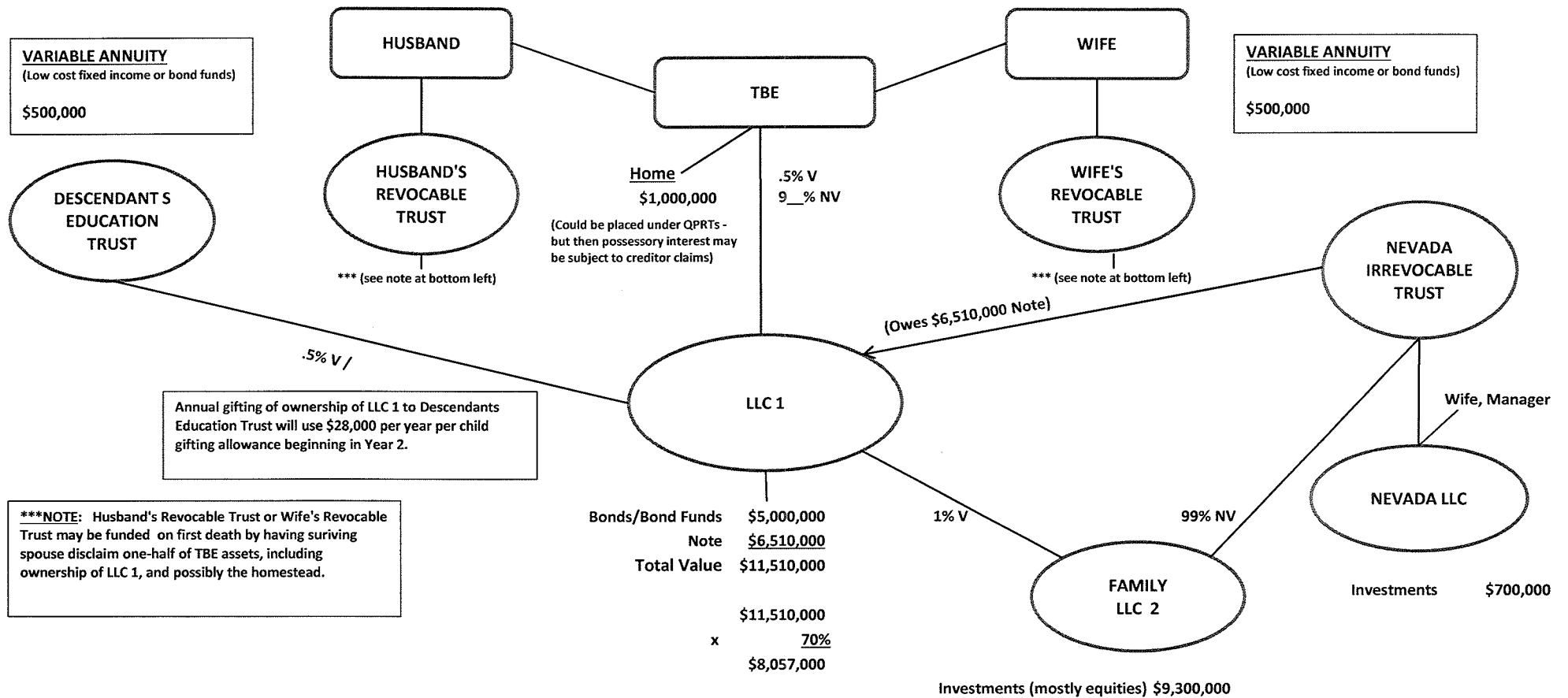
STEP 4



STEP FOUR:

Husband and Wife sell a 99% NV Member Interest in LLC 2 to the Nevada Irrevocable Trust in exchange for a \$6,510,000 Note.

STEP 5



STEP FIVE:

Husband and Wife contribute the Note to LLC 1, and transfer a .5% Voting Member Interest and a small Non-Voting Member Interest to a new Descendants Education Trust to use their annual exclusion gifting ability and provide for the college education of their future grandchildren, and great-nephews and great-nieces.

NEVADA IRREVOCABLE TRUST - For children - Trust Protectors may add Husband and Wife as beneficiaries if ever needed.

The Nevada Trust may be considered as two trusts - one formed by Husband, and one formed by Wife - to be formally divided upon first death to continue as complex trust formed by first dying spouse and defective grantor trust formed by surviving spouse.

STEP 6

