

SIMULATING YOUR  
ESTATE TRANSFER  
ALTERNATIVES  
(Input Form)

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WORKSHEET FOR COMPUTING HUSBAND AND WIFE EQUITY  
(For input lines 1. A., B. & C.)

FAIR MARKET VALUE OF ASSETS

	Owned by Husband Plus His Share of Property Held in Tenancy in Common	Owned by Wife Plus Her Share of Property Held in Tenancy in Common	Jointly Held By Husband and Wife With the Right of Survivorship
Livestock*	\$ _____	\$ _____	
Grain, Hay & Supplement*	_____	_____	
Supplies & Fertilizer*	_____	_____	
Machinery & Equipment*	_____	_____	
Buildings (Farm & Residence)	_____	_____	\$ _____
Land	_____	_____	_____
Cash, Checking & Savings	_____	_____	_____
Cash Value of Insurance	_____	_____	_____
Other Assets			
<b>1. TOTAL ASSETS</b>	\$ _____	\$ _____	\$ _____

LIABILITIES

	Owed by Husband Plus His Share of Liabilities on Property Held in Tenancy in Common	Owed by Wife Plus Her Share of Liabilities on Property Held in Tenancy in Common	Owed by Husband and Wife on Property Held as Joint Tenants With Right of Survivorship
Accounts Payable	\$ _____	\$ _____	\$ _____
Notes	_____	_____	_____
Mortgages	_____	_____	_____
Other Debt			
<b>2. TOTAL LIABILITIES</b>	\$ _____	\$ _____	\$ _____
<b>3. EQUITY</b> (line 1 minus line 2)	\$ _____ (Enter on line 1A, page 1 of input form)	\$ _____ (Enter on line 1B of input form)	\$ _____ (Enter on line 1C of input form)

\*In valuing property for an estate, the husband is typically assumed to be the businessperson and own those assets for which there is no deed or title. In order for the wife to claim ownership of all or part of these assets (other than a dower interest), she must typically prove that she either: (1) did farm work which contributed to the accumulation of the property; (2) did off-farm work and contributed to the accumulation of farm assets; or (3) had monies of her own (e.g., an inheritance or gift) which she contributed to the business.

PRIMARY INPUT FORM

DESCRIPTION OF PRESENT SITUATION AND ESTATE PLAN

ID Number \_\_\_\_\_

(Card 1)

I. Current equity (assets minus liabilities) of:

- A. Husband's solely owned property and value of his share of property held in tenancy in common. (From left column of worksheet on previous page.) \$ \_\_\_\_\_
- B. Wife's solely owned property and value of her share of property held in tenancy in common. (From middle column of worksheet on previous page.) \$ \_\_\_\_\_
- C. Property held jointly by husband and wife with the right of survivorship. (From right column of worksheet on previous page.) \$ \_\_\_\_\_

II. Life Insurance: Value, Ownership and Beneficiary

A. Policies Owned By Husband (see note below)

- 1. Face value (value at death) of policies on his own life. \$ \_\_\_\_\_
  - a. Value of insurance owned by husband on his life with wife named as beneficiary. \$ \_\_\_\_\_
- 2. Face Value (value at death) of policies owned by husband on wife's life. \$ \_\_\_\_\_
  - a. Amount with husband named as beneficiary. \$ \_\_\_\_\_

B. Policies Owned By Wife (see note below)

- 1. Face Value (value at death) of policies on her own life. \$ \_\_\_\_\_
  - a. Value of insurance owned by wife on her life with husband named as beneficiary. \$ \_\_\_\_\_
- 2. Face value (value at death) of policies owned by wife on husband's life. \$ \_\_\_\_\_
  - a. Amount with wife named as beneficiary. \$ \_\_\_\_\_

(Card 2)

Note: Credit life insurance naming the lender as beneficiary typically increases the equity (net worth) of the surviving spouse (i.e., the surviving spouse receives a portion of the insurance via a decrease in the debt on assets received).

For example, if the credit life insurance is to pay debt on property which will go to the surviving spouse, the spouse is essentially the beneficiary (enter the spouse as beneficiary in section II). If your will states that 60% of your assets are going to your spouse, enter 60% of the value of the policy as going to the spouse as beneficiary.

III. Husband's and Wife's Wills

A. If you do not have a will, enter "0" and go to question 4. If you have a will, enter a "1" and complete "B" and "C" below. \$ \_\_\_\_\_

B. Husband's Will: Percent of husband's solely owned property and tenancy in common property going to wife at husband's death (e.g., 50% would be entered as 50). \_\_\_\_\_ %

C. Wife's Will: Percent of wife's solely owned property and tenancy in common property going to husband at wife's death (e.g., 50% would be entered as 50). \_\_\_\_\_ %

D. Value of charitable bequests  
-- in husband's will \$ \_\_\_\_\_

-- in wife's will \$ \_\_\_\_\_

IV. Current ages of children

a. Child #1 \_\_\_\_\_ yrs.

b. Child #2 \_\_\_\_\_ yrs.

c. Child #3 \_\_\_\_\_ yrs.

d. Child #4 \_\_\_\_\_ yrs.

e. Child #5 \_\_\_\_\_ yrs.

f. Child #6 \_\_\_\_\_ yrs.

(Card 3)

V. Date to compute estate taxes for surviving spouse

a. Husband \_\_\_\_\_ more years

b. Wife \_\_\_\_\_ more years

If not married, enter 99 for age of spouse of opposite sex. Due to the high probability of changes in your family situation, your equity and/or the estate tax regulations, we suggest that you do not put down a date greater than 20 years even though your "true" life expectancy may be considerably more than that.

If computing estate taxes on death today, enter 0.1

VI. Projected annual increase in equity of property

A. Husband's solely owned and tenancy in common property. \_\_\_\_\_ %

B. Wife's solely owned and tenancy in common property. \_\_\_\_\_ %

C. Husband's and wife's jointly held property with the right of survivorship. \_\_\_\_\_ %

INPUT FORM FOR EVALUATING ALTERNATIVE ESTATE PLANS

CONTENTS  
Alternative Plans Which  
Can Be Considered

<u>Section</u>	<u>Plan</u>
A. Change Bequests to Surviving Spouse	
1. Property "willed" directly to others (e.g., children).	
2. Property "willed" to a <u>trust</u> .	
3. Property "willed" to a <u>life estate</u> .	
B. Change in Value of Equity Due To:	
1. Inheriting property.	
2. Making charitable bequests.	
3. Making someone other than the spouse the owner of a present insurance policy.	
C. Purchase Additional Insurance.	
D. Sale of Assets.	
E. GIFTS: Basic Information For Computing Gift Taxes.	
F. Gifts of Life Insurance Ownership.	
G. Gifts Between Husband and Wife.	
H. Gifts to Persons Other Than Spouse	
I. Purchase an Annuity.	
J. Change Date To Compute Settlement Costs For Each Spouse.	

In order to have a record of the alternatives being considered, please describe them verbally below:

Describe Alternative Plan 1: \_\_\_\_\_

Describe Alternative Plan 2: \_\_\_\_\_

Describe Alternative Plan 3: \_\_\_\_\_

Describe Alternative Plan 4: \_\_\_\_\_

Information for Completing Page 6

Section A: This section is typically used to compute the possible estate settlement cost savings from: ✓ trusts, life estates or "willing" property directly to children.

The estate settlement costs at the death of the spouses are calculated the same for each of the above (assuming that the spouses are "willed" the same amount of property in each case.)

Section B: This section is included to let you increase or decrease the value of your estate. Entries here would include such things as:

- 1) If you expect to inherit property at the death of a friend or relative, or receive a substantial gift.
  - On line 1: Enter the code number for the person receiving the inheritance.
  - On line 2: Enter the value of the expected inheritance.
  - On line 3: Enter the years from now when you expect the person to "will" you the property.
- 2) If you want to consider making a charitable bequest in your will:
  - On line 1: Enter the code number for the person whose property will be bequeathed.
  - On line 2: Enter the size of the bequest preceded by a minus (-) sign.
  - On line 3: Enter the years from now when you are going to compute the estate of the person whose property was designated on line 1.
- 3) If you want to consider purchasing an annuity:
  - On line 1: Enter the code number for the person whose property is used to purchase the annuity.
  - On line 2: Enter the cost of the annuity preceded by a minus sign.
  - On line 3: Enter the years from now that the annuity will be purchase (0 means this year.)

Additional entries are needed on page 12, section I., "Annuities."
- 4) If you want to see the effect of naming someone other than your spouse as the beneficiary of an existing insurance policy and transferring ownership of the policy to that person (e.g., a trust or children):
  - On line 1: Enter 1 if the policy is on the husband's life, or 2 if the policy is on the wife's life.
  - On line 2: Enter the face value (value at death) of the policy being transferred.
  - On line 3: Enter the years from now when you are going to compute the estate of the person designated on line 1 (from question V. of the primary input form).

Also, see Section F.

Do not include changes in value due to reinvesting earnings or inflation.

Section C: The face value (value at death) of insurance owned by a person on his (her) life is taxable for Federal estate tax purposes and is also subject to probate when that person dies. Thus, if you or your spouse are considering the purchase of additional insurance, it is important who owns the policy(s).

Section D: The sale of assets generates cash which can be reinvested, consumed or given away. If the proceeds are to be reinvested, there are few estate settlement implications and no entry need be made here. If all or part of the proceeds are to be consumed, the estate decreases in value and the \$ amount which is consumed annually should be entered in D.5. If part of the proceeds are to be given away, the gifts should be entered in Section H.

EACH OF THE FOUR COLUMNS CAN BE USED  
TO DESIGN AN ALTERNATIVE PLAN

DO NOT FILL IN ALL THE BLANKS IN ANY COLUMN

	Alternate Plan			
	#1	#2	#3	#4
<b>A. <u>Change Bequests to Surviving Spouse</u></b>				
1. Percent of husband's solely owned property and tenancy in common property to wife at husband's death.	_____% (Card 4)	_____%	_____%	_____%
2. Percent of wife's solely owned property and tenancy in common property to husband at wife's death.	_____%	_____%	_____%	_____%
<b>B. <u>Change in Value of Equity</u></b>				
1. Change in value of equity of: (enter "1" if husband's; enter "2" if wife's; enter "3" if joint tenancy property; enter "4" if equal for husband's and wife's).	#_____ (Card 5)	#_____	#_____	#_____
2. Dollar value of total change. (Be sure to enter + for increase or - for decrease).	\$_____	\$_____	\$_____	\$_____
3. Years from now when change is to occur.	____yrs. (Card 6)	____yrs.	____yrs.	____yrs.
<b>C. <u>Purchase Additional Life Insurance</u></b>				
1. Additional insurance on husband's life.				
a. Value of policy to be owned by husband.	\$_____	\$_____	\$_____	\$_____
or				
b. Value of policy to be owned by wife.	\$_____	\$_____	\$_____	\$_____
(Card 7)				
2. Additional insurance on wife's life.				
a. Value of policy to be owned by wife.	\$_____	\$_____	\$_____	\$_____
or				
b. Value of policy to be owned by husband.	\$_____	\$_____	\$_____	\$_____
(Card 8)				
<b>D. <u>Sale of Assets</u></b>				
1. Sale of assets owned by: (enter "1" if husband's; enter "2" if wife's; enter "3" if joint tenancy property; enter "4" if equally husband's and wife's property).	#_____	#_____	#_____	#_____
2. Fair market value of property sold.	\$_____	\$_____	\$_____	\$_____
(Card 9)				
3. Payments are to be made for	____yrs.	____yrs.	____yrs.	____yrs.
4. Percent interest on outstanding balance.	_____%	_____%	_____%	_____%
(Card 10)				
5. Dollar value of payments leaving estate (consumed).	\$_____	\$_____	\$_____	\$_____
6. Down payment received.	\$_____	\$_____	\$_____	\$_____
(Card 11)				

Information for Completing Page 8

Section E: Question 1 and 2 only need to be answered if either the husband or wife has made a gift exceeding \$3,000 in any one year to one person (\$6,000 if given with the spouse's consent). For most people, questions 1 and 2 will be left blank.

Subsection F.1.c. and F.2.c.

All entries are made in Section B. page 6 as follows:

On line 1 of section B. enter the code number for the person who owns insurance on his (her) own life.

On line 2 of section B. enter the face value of the insurance policy.

On line 3 enter the years from now when the settlement costs will be calculated for the person designated on line 1 (from section J. page 13 if J is completed; otherwise from section V., page 3, of primary input form).

Subsection F.1.d. and F.2.d.

All entries are made in section H as follows:

On line H.1.a. designate the person giving away the insurance (e.g., husband = 1; wife = 2).

On line H.1.b. and H.1.c. enter the years used for question 5 of the primary input form, "Date to compute estate taxes. . ." or dates used in section J if different) for the spouse giving away the policy.

On line H.1.d. enter 1.

On line H.1.e. enter the cash value of the insurance transferred to someone other than the spouse.



GIFTS

- E. Basic Information for Computing Gift Taxes
1. Amount of \$30,000 lifetime gift exemption previously used by husband (if any).
  2. Amount of \$30,000 lifetime gift exemption previously used by wife (if any).

F. Gifts of Life Insurance Ownership  
(not changing beneficiary)

1. Life insurance on husband's life -- owned by husband:
  - a. Face value of insurance transferred to wife as a gift.
  - b. Cash value of insurance transferred to wife as a gift.
  - c. Face value of insurance given to others (e.g., to children)
  - d. Cash value of insurance given to someone other than wife.
2. Life insurance on wife's life -- owned by wife:
  - a. Face value of insurance transferred to husband as a gift.
  - b. Cash value of insurance transferred to husband as a gift.
  - c. Face value of insurance given to others (e.g., children)
  - d. Cash value of insurance transferred to someone other than husband.

ALTERNATIVE PLAN

	#1	#2	#3	#4
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ _____ (Card 12)	\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ _____ (Card 13)	\$ _____	\$ _____	\$ _____	\$ _____
	See instructions for subsection F.1.c. and F.2.c. on page 7.			
	See instructions for subsection F.1.d. and F.2.d. on page 7.			
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ _____ (Card 14)	\$ _____	\$ _____	\$ _____	\$ _____
	See instructions for subsection F.1.c. and F.2.c. on page 7.			
	See instructions for subsection F.1.d. and F.2.d. on page 7.			

Information for Completing page 10

Section G: This section is typically used when one spouse has most of the family's assets in his (her) name. In such cases, sometimes it is advantageous to work toward equalizing the size of their estates.

Section G.3.

The termination of joint tenancy results in a taxable gift to the extent that the recipients of the property upon termination do not receive the same proportion as their original contribution.

Subsection G.3.a. and G.3.b.

Enter the value of the property which each spouse is to receive.

Subsection G.3.c.

If one spouse receives a greater proportion of the property than the proportion that he or she contributed when the property was acquired, the difference is a gift and may be subject to gift tax. Thus, in section 3.c., it is important to know how much of the purchase price (payments) was "paid" by each spouse.

Section H: This three-part section is designed to allow you to consider any combination of gifts you might like. Each subsection is designed to determine the gifts going to one particular recipient (or several recipients receiving equal gifts) in a particular time period.

Each subsection can handle only one size gift during a particular period. There must be equal gifts to each recipient. If there are unequal gifts, treat the gifts to each recipient in separate subsections. Thus, it will often be necessary to use sections 1, 2, & 3 to describe a gift plan accurately.

For example, assume that the parents decide to reduce the husband's estate by giving some of the husband's property to the children over a 6-year period. They decide to give two of their children \$10,000 each this year and a third child \$15,000. In each of the following 5 years, each of the three children will receive \$4,000 per year. Here is how the input form would be completed:

<u>Subsection H.1.</u>	<u>Subsection H.2.</u>	<u>Subsection H.3</u>
Line a. <u>1</u>	Line a. <u>1</u>	Line a. <u>1</u>
" b. <u>1</u>	" b. <u>1</u>	" b. <u>2</u>
" c. <u>1</u>	" c. <u>1</u>	" c. <u>6</u>
" d. <u>2</u>	" d. <u>1</u>	" d. <u>3</u>
" e. <u>20,000</u>	" e. <u>15,000</u>	" e. <u>12,000</u>
Husband's property \$20,000 transferred to 2 persons this year.	Husband's property \$15,000 transferred to 1 person this year.	Husband's property \$12,000 per year trans- ferred to 3 children (\$4,000 each) for five years beginning next year.

Alternative Plan

G. Gifts Between Husband and Wife

1. Value of husband's solely owned property and value of his share of property held as "tenant in common" - transferred to wife's name as a gift.
2. Value of wife's solely owned property and value of her share of property held as "tenant in common" - transferred to husband's name as a gift.
3. Property jointly held by husband and wife with the right of survivorship and transferred to one spouse as a gift (see previous page).
  - a. Value of property transferred to wife or
  - b. Value of property transferred to husband.
  - c. Percent of jointly held property contributed by wife (the remainder is assumed to have been contributed by the husband)

#1	#2	#3	#4
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____ (Card 15)	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____ (Card 16)	\$ _____	\$ _____	\$ _____
_____ %	_____ %	_____ %	_____ %

H. Gifts to Persons Other Than Spouse

Do not include the following in this section:

- Gifts of life insurance ownership (use section E)
- Gifts between husband and wife (use section F)
- Charitable bequests (use section B)

1. Gifts Made During First Period: Or to a Particular Group of Recipients:
  - a. Property from which gifts are made: (Enter "1" if husband's; enter "2" if wife's; enter "3" if joint tenancy property; enter "4" if equally owned by husband and wife).
  - b. Years from now when gifts begin.
  - c. Years from now when gifts end.
  - d. Number of persons receiving gifts. Note: it is assumed that each person receives an equal gift. If unequal gifts are made, enter part of gifts in next section.
  - e. Value of annual gifts to all recipients.

# _____	# _____	# _____	# _____
(Card 17)			
_____ yrs.	_____ yrs.	_____ yrs.	_____ yrs.
_____ yrs.	_____ yrs.	_____ yrs.	_____ yrs.
(Card 18)			
# _____	# _____	# _____	# _____
\$ _____	\$ _____	\$ _____	\$ _____
(Card 19)			

2. Gifts Made During Second Period: Or to a Particular Group of Recipients:
  - a. Property from which gifts are made: (Enter "1" if husband's; enter "2" if wife's; enter "3" if joint tenancy property; enter "4" if equally owned by husband and wife).

# _____	# _____	# _____	# _____
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ALTERNATIVE PLAN

b. Years from now when gifts begin.

#1	#2	#3	#4
__ yrs.	__ yrs.	__ yrs.	__ yrs.
(Card 20)			

c. Years from now when gifts end.

__ yrs.	__ yrs.	__ yrs.	__ yrs.
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d. Number of persons receiving gifts.  
Note: it is assumed that each person receives an equal gift. If unequal gifts are made, enter part of gifts in next section.

#	#	#	#
__	__	__	__
(Card 21)			

e. Value of annual gifts to all recipients

\$ __	\$ __	\$ __	\$ __
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3. Gifts Made During Third Period: Or to a Particular Group of Recipients:

a. Property from which gifts are made: (Enter "1" if husband's; enter "2" if wife's; enter "3" if joint tenancy property; enter "4" if equally owned by husband and wife).

#	#	#	#
__	__	__	__
(Card 22)			

b. Years from now when gifts begin.

__ yrs.	__ yrs.	__ yrs.	__ yrs.
---------	---------	---------	---------

c. Years from now when gifts end.

__ yrs.	__ yrs.	__ yrs.	__ yrs.
(Card 23)			

d. Number of persons receiving gifts.  
Note: it is assumed that each person receives an equal gift. If unequal gifts are made, enter part of gifts in section.

#	#	#	#
__	__	__	__

e. Value of annual gifts to all recipients

\$ __	\$ __	\$ __	\$ __
(Card 24)			

I. Annuities

1. Cost of annuity and year of purchase.

Enter cost and year of purchase in section B.3., page 6. See instruction B.3. on page 5.

2. Annual payments to be received by heirs (other than wife) at death of husband.

a. Amount of annual payment.

\$ __	\$ __	\$ __	\$ __
-------	-------	-------	-------

b. Number of years.

__ yrs.	__ yrs.	__ yrs.	__ yrs.
(Card 25)			

3. Annual payments to be received by wife at death of husband.

a. Amount of annual payment.

\$ __	\$ __	\$ __	\$ __
-------	-------	-------	-------

b. Number of years.

__ yrs.	__ yrs.	__ yrs.	__ yrs.
(Card 26)			

4. Annual payments to be received by heirs (other than husband) at death of wife.

a. Amount of annual payment

\$ __	\$ __	\$ __	\$ __
-------	-------	-------	-------

b. Number of years.

__ yrs.	__ yrs.	__ yrs.	__ yrs.
(Card 27)			

5. Annual payments to be received by husband at death of wife.
- a. Amount of annual payment.
  - b. Number of years.

ALTERNATIVE PLAN

	#1	#2	#3	#4
\$	_____	\$ _____	\$ _____	\$ _____
(Card 28)	____yrs.	____yrs.	____yrs.	____yrs.
	____yrs.	____yrs.	____yrs.	____yrs.
(Card 29)	____yrs.	____yrs.	____yrs.	____yrs.

J. Date to Compute Estate Taxes of Husband and Wife

1. Husband
2. Wife