

# ***G<sup>2</sup> Plan***

## ***Charitable Gift Maximization***

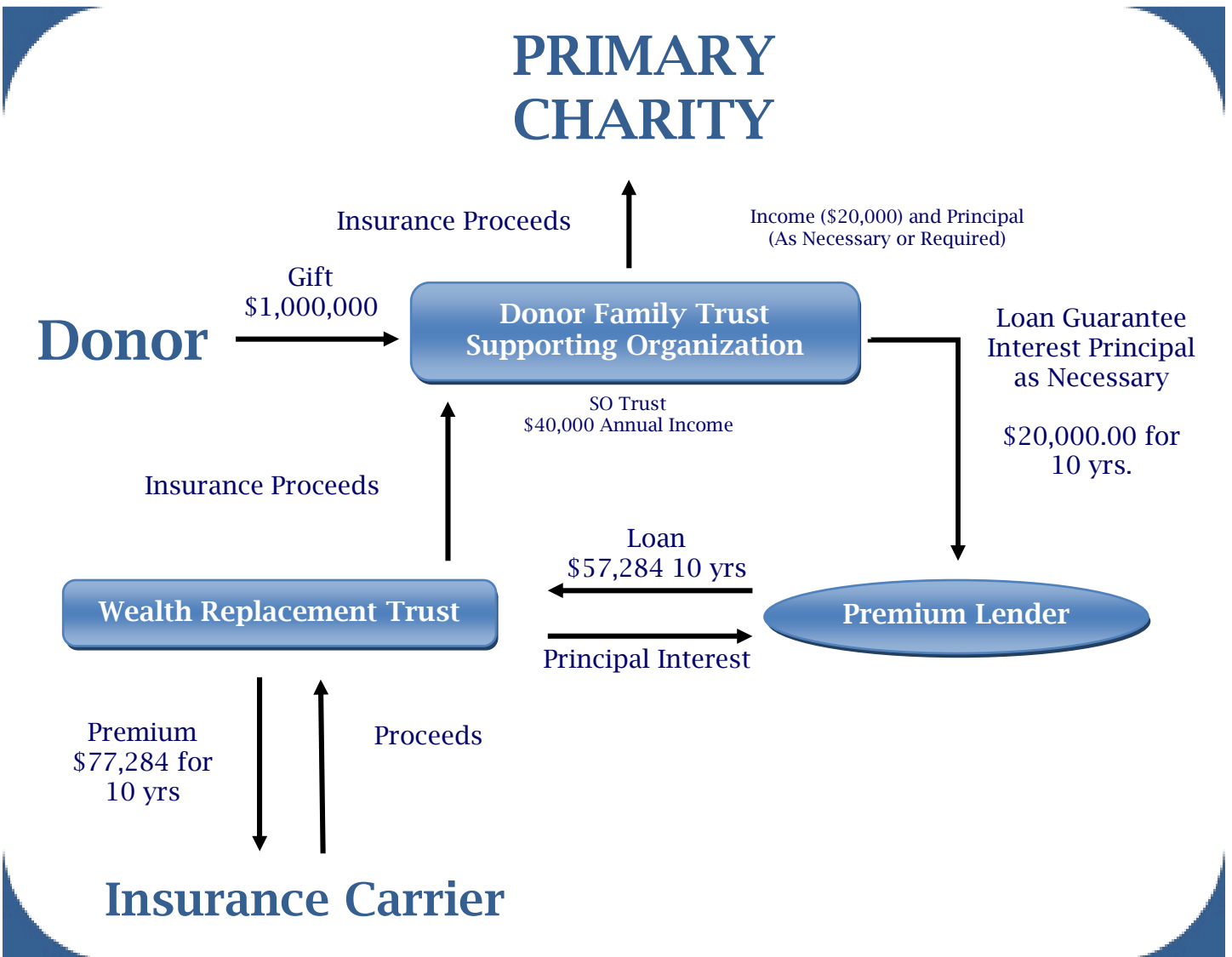


***“We make a living by what we get; we make a life by what we give.”  
— Winston Churchill (1874-1965)***

The G<sup>2</sup> Plan is a flexible program that allows for the creation of a Living Benefit as well as a Legacy Gift for Charities. The living Benefit is established through a managed portfolio, held in a Supporting Organization Trust (“SO Trust”), which is invested to create an income stream.

The Legacy Gift is provided through the acquisition of a Premium Financed Life Insurance policy on the life of the donor supported by the SO Trust.

The G<sup>2</sup> Plan requires two entities; a Supporting Organization Trust and a Wealth Replacement Trust. (Refer to the flow chart below)



The Legacy Gift is provided through a life insurance policy on the life of the donor or the joint lives of the donor and a spouse. The premiums for the life insurance policy are paid with a combination of cash from the portfolio income and financing. The SO Trust also provides loan guarantees as necessary, however by using a small part of the portfolio income to reduce the financed interest the collateral or additional guarantees normally associated with premium financing can be reduced or eliminated, as shown in the exhibit on the following page.

## Sample Case:

Assume a male charitable donor age 60 and in good health wishes to make a gift to a charity in the amount of a million dollars. A deposit of \$1,000,000 is made to a SO Trust, and is invested to yield 4% per annum or \$40,000 simple interest. The life insurance policy is issued to the Wealth Replacement Trust for \$1,000,000, using an increasing death benefit UL life insurance policy. \$20,000 of the income generated from the SO Trust's portfolio is used as a partial premium payment for 10 years and the remaining premiums are financed. The premium finance loan rate is calculated at 6.5%. The resulting expected death benefit would range from approximately \$1,000,000 at year one to approximately \$3,000,000 at year 41 or age 100 (Refer to the chart below).

Year	Age	Annual Premium	Gross Death Benefit	Annual Loan	Cumulative Loan Balance	Gross Cash Value @ 8.5%	Net Cash Value (7) - (8)	Net Death Benefit
1	60	(77,284)	1,068,366	(57,284)	(61,007)	68,366	7,359	1,007,359
2	61	(77,284)	1,136,922	(57,284)	125,980	136,922	10,942	1,010,942
3	62	(77,284)	1,205,488	(57,284)	195,177	205,488	10,311	1,010,311
4	63	(77,284)	1,274,208	(57,284)	268,871	274,208	5,337	1,005,337
5	64	(77,284)	1,370,880	(57,284)	347,355	370,880	23,525	1,023,525
6	65	(77,284)	1,470,528	(57,284)	430,940	470,528	39,588	1,039,588
7	66	(77,284)	1,571,772	(57,284)	519,959	571,772	51,813	1,051,813
8	67	(77,284)	1,674,257	(57,284)	614,763	674,257	59,494	1,059,494
9	68	(77,284)	1,777,667	(57,284)	715,731	777,667	61,936	1,061,936
10	69	(77,284)	1,918,211	(57,284)	823,260	918,211	94,951	1,094,951
15	74		2,322,526		1,127,938	1,322,526	194,588	1,194,588
20	79		2,873,399		1,545,373	1,873,399	328,026	1,328,026
25	84		3,636,384		2,117,295	2,636,384	519,089	1,519,089
30	89		4,673,149		2,900,878	3,673,149	772,271	1,772,271
35	94		6,082,021		3,974,454	5,082,021	1,107,567	2,107,567
40	99		8,178,199		5,445,346	7,178,199	1,732,853	2,732,853
41	100		8,738,602		5,788,403	7,738,602	1,950,199	2,950,199

When properly designed, the end result and benefit of the G<sup>2</sup> Plan is the maximization of the charitable donation, providing substantial income as well as the principal to the charitable entity, and a death benefit that could be substantially more than the original gift.

## Overview:

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