2011

Preferred Partnership Freeze

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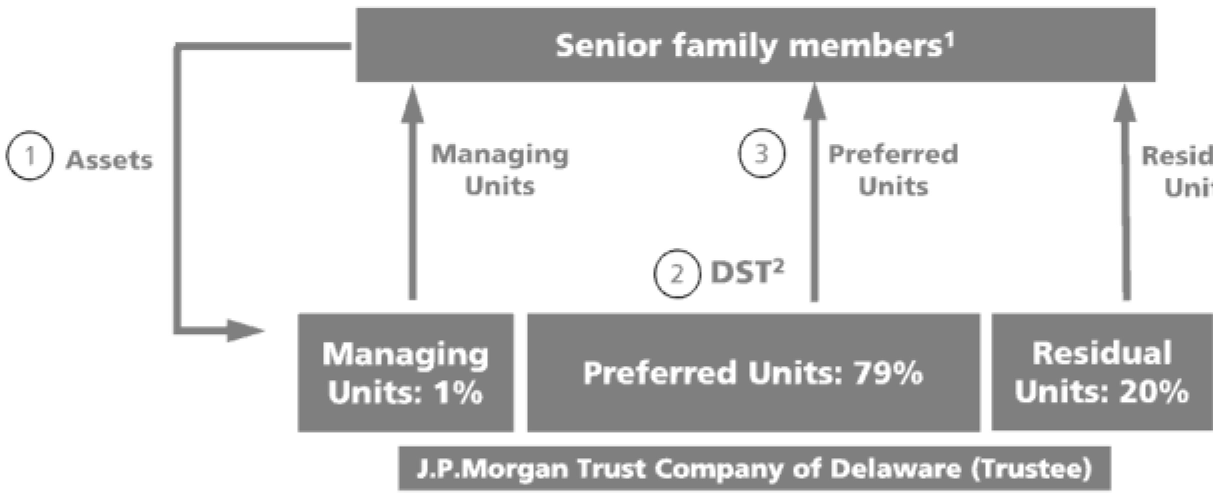
Preferred Partnership Freeze (PPF) is for investors interested in enhanced wealth transfer opportunities using a Delaware Statutory Trust

Purpose: to "freeze" the value of assets that will be included in the senior generation's estate and shift the excess appreciation to the junior generation(s) without additional transfer tax.

- It enables investors to transfer to beneficiaries anticipated appreciation in a tax-efficient manner while retaining a large portion of the investment and a fixed return
- Investment is divided into Managing Units, Preferred Units and Residual Units
- Preferred Units represent majority of initial asset value and carry a fixed (cumulative, non-compounding) rate of return
- Residual Units represent balance of initial asset value *plus* anticipated appreciation in excess of the preferred return
- Residual Units are gifted and/or sold to beneficiaries

Structure of Preferred Partnership Freeze

1. Senior family members transfer assets into a Delaware Statutory Trust (DST)
2. DST issues multiple classes of units:
    - Managing Units: general management control and collective 1% economic interest
    - Preferred Units and Residual Units: limited management rights and collective remaining 99% economic interest
        - Preferred Units provide a fixed, cumulative annual return to senior family members equal to the annual preferred payment on the Preferred Units (can be deferred for 4 years) and a fixed value on liquidation. Preferred Units provide greater security but limit participation in appreciation of the assets
        - Residual Units provide excess appreciation after satisfying Managing Units' 1% interest, and the Preferred Units preferred return. Residual Units provide less security but accrue the capital, income and appreciation beyond the fixed return to Preferred Units
    - J.P.Morgan Trust Company of Delaware acts as administrative trustee
3. Senior family members initially receive all DST units for their contribution



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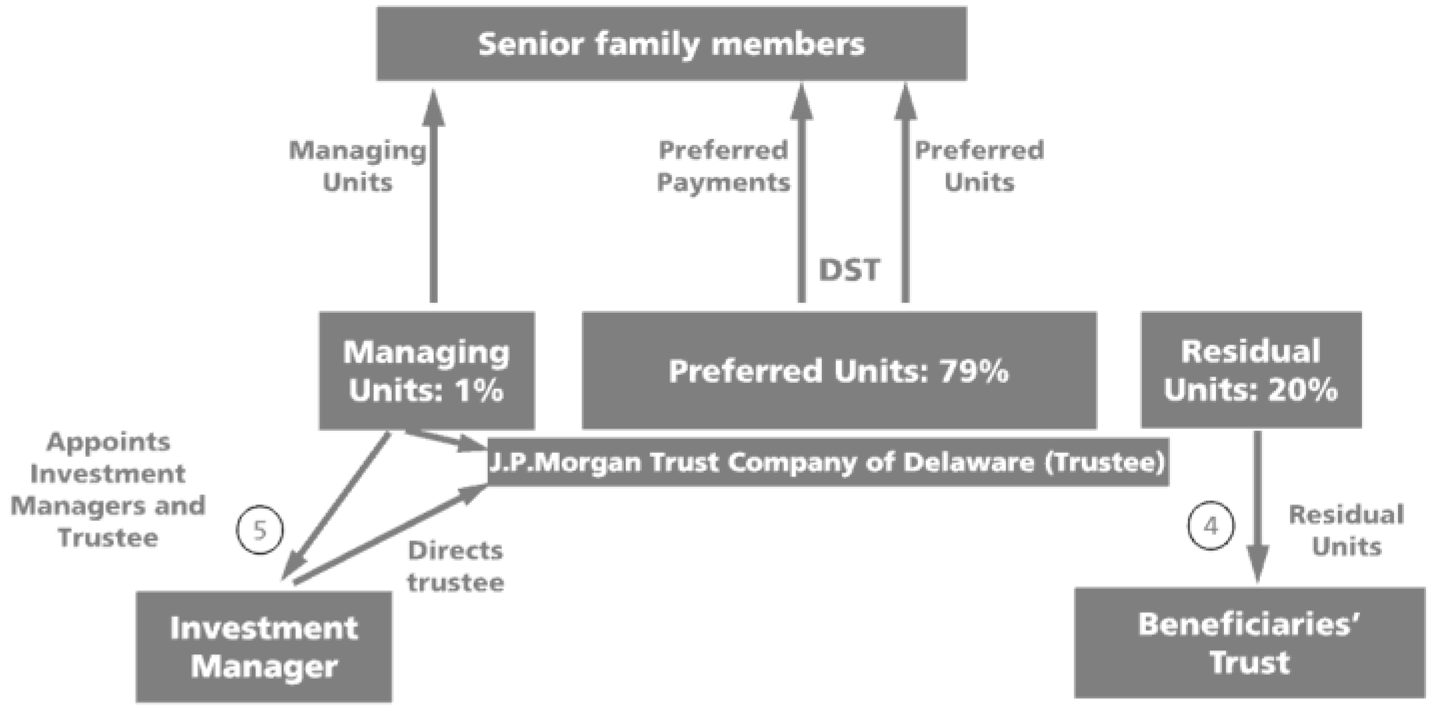
[1] Two members will initially capitalize DST to secure partnership tax treatment
[2] Member 1 receives 0.5% voting managing units plus all preferred units and residual; member 2 retains the other 0.5% voting managing unit.

Structure of Preferred Partnership Freeze

4 To maximize the benefits of the PPF, senior family members may gift or sell the Residual Units at discounted value[1] to beneficiaries outright or to trust for their benefit; can also gift or sell Preferred Units over time

5
- J.P.Morgan Trust Company of Delaware administers distribution and manages investments subject to Managing Unit holders.
- Investment Manager directs Trustee as to investment of assets.
- Managing Unit holders control important voting decisions. Preferred and Residual Unit holders have limited voting rights.



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[1] J.P. Morgan can provide names for a professional appraisal

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PPF capitalizes on Delaware's favorable laws and continuity of asset management across generations...

- Limited liability for all Unit holders, even if they participate in management
- Confidentiality of all Unit holders is preserved as only the name of the trust and the name and address of the Delaware trustee need to be disclosed
- Dissolution does not necessarily occur upon the death, incapacity or bankruptcy of a unit holder
- Flexibility to react to changes in regulatory or tax laws to facilitate the changing needs of trust participants
- Trustee is allowed broad investment authority to employ Modern Portfolio Theory and flexibility of delegating investment decisions to other advisors

…and J.P.Morgan's ability to offer bundled delivery makes the PPF a cost-efficient solution

- The formation of a preferred partnership freeze is simple and economical
  - established by filing a Certificate of Trust with the Delaware Secretary of State
- Investment management costs can be reduced through economies of scale
- J.P.Morgan's fiduciary system provides the following:
  - documentation of the value of units transferred among family members
  - attendance to tax compliance
  - maintenance of the records of the preferred partnership freeze strategy to preserve its integrity for tax purposes as a separate legal entity

Delaware administration responsibilities

- Account set-up
- Ongoing communication
  - Administrative matters including record keeping and market value statements
  - Fiduciary oversight for regulatory and planning considerations
- Account administration
  - Investment maintenance (i.e. subscription agreements and offering memoranda)
    - Ongoing communication with Managing Unit holders and investment manager
  - Custody including safekeeping, income collection, and optional trading platform
- Responsibility for liquidations, distributions, and withdrawals
  - Preferred payments, tax distributions, redemptions
    - Executing distribution transactions including deferral of preferred payments
    - Evaluating distribution/redemption requests from Unit holders
    - Determining amounts and timing of all distributions
    - Obtaining valuations to support distributions, as necessary
    - Complying with Internal Revenue Code Section 2701 rules and provisions of estate freeze strategy documents
    - Cash-flow analysis for preferred payments
    - Maintaining required income/principal ledgers
- Delegated responsibility for tax compliance
  - Compilation of partnership return work papers
  - Review and execution of partnership returns and K-1s
  - Evaluation of filing positions including Section 754 elections

Transfer tax considerations

- Internal Revenue Code Section 2701 describes and sanctions the estate freeze strategy
- Gift tax value of Residual Units must be ≥ 10% of the capital account funding value of estate freeze strategy
- Discounts may apply to funding, calculation of the effective preferred rate and valuation of Residual Units
- Appreciation in estate freeze assets exceeding effective preferred payment rate accrues to benefit of Residual Unit holders without causing additional gift or estate tax
- Preferred Payments:
  - Based on prevailing "Market Rate" of return, typically determined by valuation professional's appraisal and may be deferred for 4 years on a rolling basis
  - Nominal preferred rate may be reduced by discounted funding, deferral of preferred payments and benefit of all capital (including common units) at work to produce amount necessary to pay this lower effective rate
- PPF may be less likely to be subject to IRS scrutiny than standard family limited partnerships.
  - Reinforced by the independent Trustee's control over distributions

Income tax considerations

- PPF: Delaware Statutory Trust classified as partnership for income tax purposes

- Contributions: generally in-kind contributions do not cause immediate gain recognition
  - Exceptions may apply, such as:
    - Investment company rules – diversification
    - Property contribution subject to liabilities assumed by partnership
  - Built-in gains: subsequent partnership sale allocations of pre-contribution gain to contributor

- Basis (if tax free contribution):
  - Partnership's basis in assets same as contributor's basis
  - Partner's basis equals cash plus adjusted basis of contributed assets

- Allocations:
  - Profits: First to Common Managing Units and Residual Units allocable for prior aggregate losses, second to Preferred Units for prior aggregate losses, third to Managing Units percentage interest and Preferred Units' cumulative return, and fourth to Residual Units
  - Losses: First to Common Managing Units percentage interest and Common Residual Units until reduced to zero then second to Preferred Units until reduced to zero

- Preferred payments: made only from net cumulative tax profits from inception, so Preferred Units have taxable income up to nominal return when partnership has taxable income
  - Not guaranteed payments which are required regardless of income and which are taxed as ordinary income with partnership realized events when satisfied in-kind
  - Non-taxable in-kind distributions or borrowed cash can be used to satisfy timely preferred payments

- Distributions:
  - Cash: distribution taxable typically as capital gains only if exceeds basis
  - Security: distribution generally not taxable event
    - Exception – Built-in gains within 7 years of contribution unless contributor reacquires back originally contributed property
  - Non-liquidating distribution: partnership inside basis allocation
  - Liquidating distribution: partner's outside basis allocation; generally non taxable event unless cash exceeds outside basis
  - Disguised sale presumption: taxable event presumption for distributions within two years of contribution

- Mergers with Family Limited Partnerships

Assumptions for PPF analysis

- $16,000,000 in funding
- 15% valuation discount on asset due to illiquidity and lack of marketability
- 1%/79%/20% Managing/Preferred/Residual Unit split
- 15% estimated total return[1]
- Estimated 7.5% mandatory fixed annual payments attributable to Preferred Units[2]
- Residual Units gifted[3] to beneficiaries' trust at discounted value:
  - 10% illiquidity discount on overall value of DST
  - 30% additional discount on value of Residual Units
- Undiscounted value of gift: $3,200,000; discounted value: $2,720,000
- Client has already utilized lifetime gift exemption
- Gift tax rate (2011): 35%
- Estate tax rate (2021): 55%
- 4 year deferral of mandatory fixed annual payments to Preferred Units
- Grantor retains income tax liability due to grantor trust status in beneficiaries' trust[3]

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Note: Numbers are for illustrative purposes only.
[1]Return does not consider yield versus appreciation since income tax is not considered. Return estimate is for illustrative purposes only. Actual return will vary.
[2]Effective hurdle rate: 2.2%; 7.5% preferred coupon rate reduced by 15% discount on underlying asset, plus benefit of additional residual and managing value to fund coupon payments, benefit of deferral periods, less effect of cost of gift tax.
[3]Units can be gifted or sold. GST exemption can be allocated in gifting.
Please read "Important Information" in Appendix.

Compared to doing nothing, PPF can increase wealth to beneficiaries with little upfront cost

Cash flow example: $16,000,000 assets, 15% return on assets

		Scenario 1	Scenario 2: Preferred Partnership Freeze				
			Senior Family Members				Beneficiaries
					79%	1%	20%
Year		Hold asset	Cost of gift tax	Fixed annual payments	Preferred	Voting Managing	Residual
0	Discounted assets	$13,600,000			$10,744,000	$136,000	$2,720,000
	Gift tax incurred upon gift		($599,760)				
10	Value of assets upon liquidation	64,728,924	(2,426,364)	10,380,770	10,744,000	543,482	43,060,672
	Estate tax	(35,600,908)	1,334,500	(5,709,424)	(5,909,200)	(298,915)	-
	Net wealth to beneficiaries	29,128,016	(1,091,864)	4,671,347	4,834,800	244,567	43,060,672
				8,658,850			43,060,672
	Total value to beneficiaries	$29,128,016				$51,719,522	
	Value added by Preferred Partnership Freeze			**$22,591,506**			

Assumptions: Pre-funding economic value = $16,000,000; Discount on DST = 10%; Discount on residual = 30%; Discount on assets contributed = 15%; Preferred = 79%, Residual = 20%; Managing = 1%; Fixed annual payments = 7.5%; Return on assets & fixed annual payments = 15%, Years of payout deferral = 4; 2011 Gift tax rate = 35%; 2021 Estate tax rate = 55%

Note. Above example is for illustrative purposes only. These materials should not be construed as providing legal, tax, or accounting advice.
Numbers have been rounded for convenience, are only estimates for illustrative purposes and should not be relied upon. Actual return will vary.

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Economic flows of PPF

Example	
Pre-funding economic value	16,000,000
Discounted FMV of capital accounts	13,600,000
Discount on assets contributed	15%
Preferred units percentage	79%
Managing units percentage	1%
Residual units percentage	20%
Term of strategy	10
Fixed annual payment	7.5%
Annual payout amount	805,800
Years of payment deferral	4
Total return of asset	15.00%

	Beginning of year	Appreciation	Distributions		End of Year					Grantor fixed annual payments	Total
Year	Total		Managing	Preferred	Accrued payments	79% Preferred	1% Managing	20% Residual	DST Total		
0						10,744,000	136,000	2,720,000	13,600,000	-	13,600,000
1	13,600,000	2,400,000	-	-	805,800	10,744,000	160,000	4,290,200	16,000,000	-	16,000,000
2	16,000,000	2,760,000	-	-	1,611,600	10,744,000	187,600	6,216,800	18,760,000	-	18,760,000
3	18,760,000	3,174,000	-	-	2,417,400	10,744,000	219,340	8,553,260	21,934,000	-	21,934,000
4	21,934,000	3,650,100	-	-	3,223,200	10,744,000	255,841	11,361,059	25,584,100	-	25,584,100
5	25,584,100	4,197,615	(8,139)	(805,800)	3,223,200	10,744,000	289,678	14,710,898	28,967,776	813,939	29,781,715
6	28,967,776	4,705,166	(8,139)	(805,800)	3,223,200	10,744,000	328,590	18,563,213	32,859,003	1,749,970	34,608,972
7	32,859,003	5,288,850	(8,139)	(805,800)	3,223,200	10,744,000	373,339	22,993,374	37,333,914	2,826,405	40,160,318
8	37,333,914	5,960,087	(8,139)	(805,800)	3,223,200	10,744,000	424,801	28,088,061	42,480,061	4,064,305	46,544,366
9	42,480,061	6,732,009	(8,139)	(805,800)	3,223,200	10,744,000	483,981	33,946,950	48,398,131	5,487,890	53,886,021
10	48,398,131	7,619,720	(40,697)	(4,029,000)	-	10,744,000	543,482	43,060,672	54,348,154	10,380,770	64,728,924

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Note: Preferred payments can be deferred for 4 years
Assumes assets are liquidated in year 10

Compared to a FLP/LLC, PPF can increase wealth to beneficiaries with little upfront cost

Cash flow example: $16,000,000 assets, 15% return on assets

		Scenario 1	Scenario 2: FLP/LLC		
			Senior Family Members		Beneficiaries
				80%	20%
Year		Hold asset	Cost of gift tax	Voting managing / Non-voting	Non-voting
0	Discounted assets	$13,600,000		$10,880,000	$2,720,000
	Gift tax incurred upon gift		($599,760)		
10	Value of assets upon liquidation	64,728,924	(2,426,364)	51,783,139	12,945,785
	Estate tax	(35,600,908)	1,334,500	(28,480,726)	-
	Net wealth to beneficiaries	29,128,016	(1,091,864)	23,302,413	12,945,785
			22,210,549		12,945,785
	Total value to beneficiaries	$29,128,016		$35,156,334	
	Value added by FLP/LLC		**$6,028,318**		
	Value added by PPF		**$22,591,506**		
	Difference		**$16,563,188**		

Assumptions: Pre-funding economic value = $16,000,000; Discount on FLP/LLC = 10%; Discount on non-voting units = 30%; Discount on assets contributed = 15%; Non-voting to beneficiaries = 20%; Non-voting remaining with senior generation = 79%; Voting managing = 1%; Return on assets = 15%; 2011 Gift tax rate = 35%; 2021 Estate tax rate = 55%

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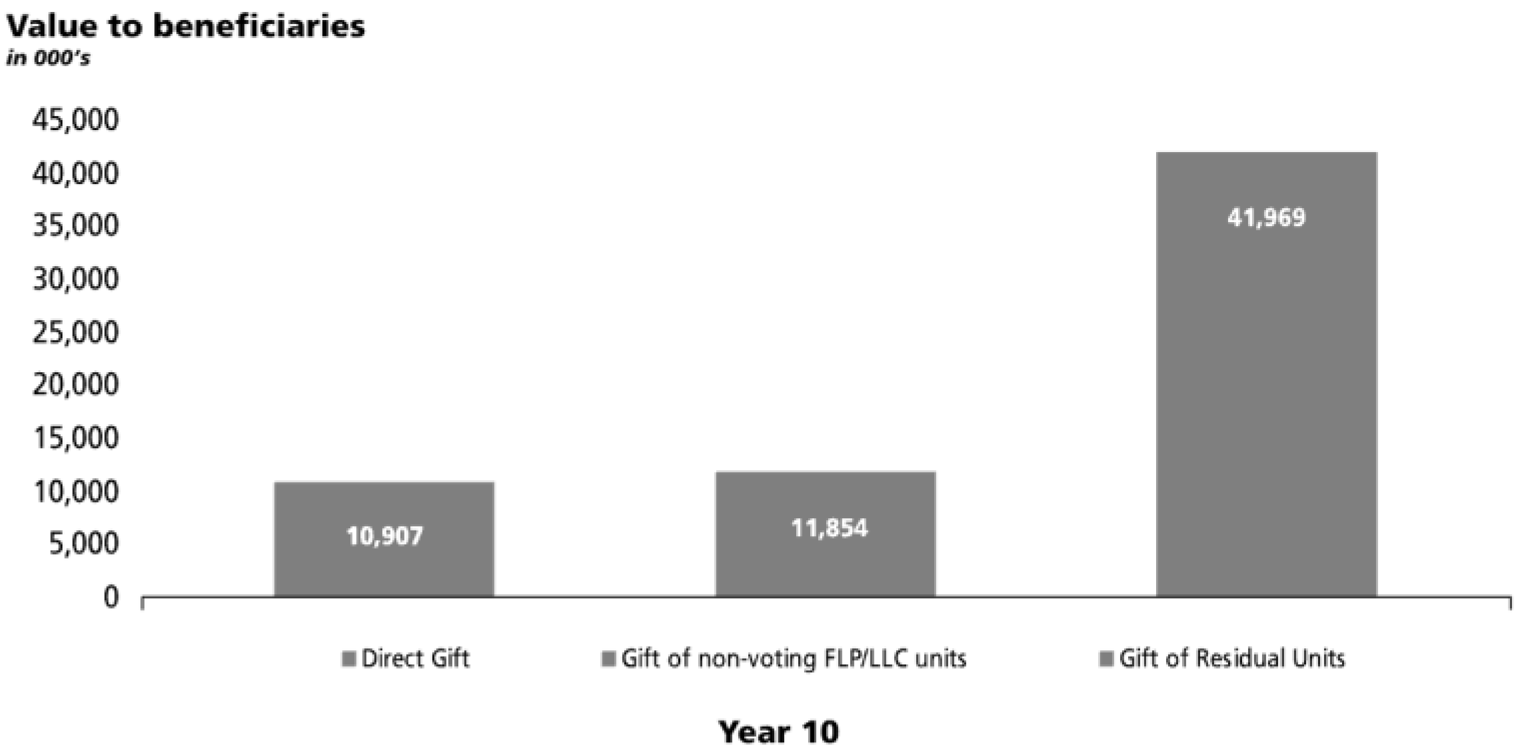
Direct gift vs. gift of non-voting FLP/LLC units vs. gift of residual units

Residual Units capture not only the growth on the Residual Units, but also the appreciation of the entire entity above the required fixed annual payments – equivalent to an additional **16.6%** return above the 15% return

Value to beneficiaries in year 10: Direct gift of $3.2MM vs. Gift of $3.2MM FLP/LLC units vs. Gift of $3.2MM residual units



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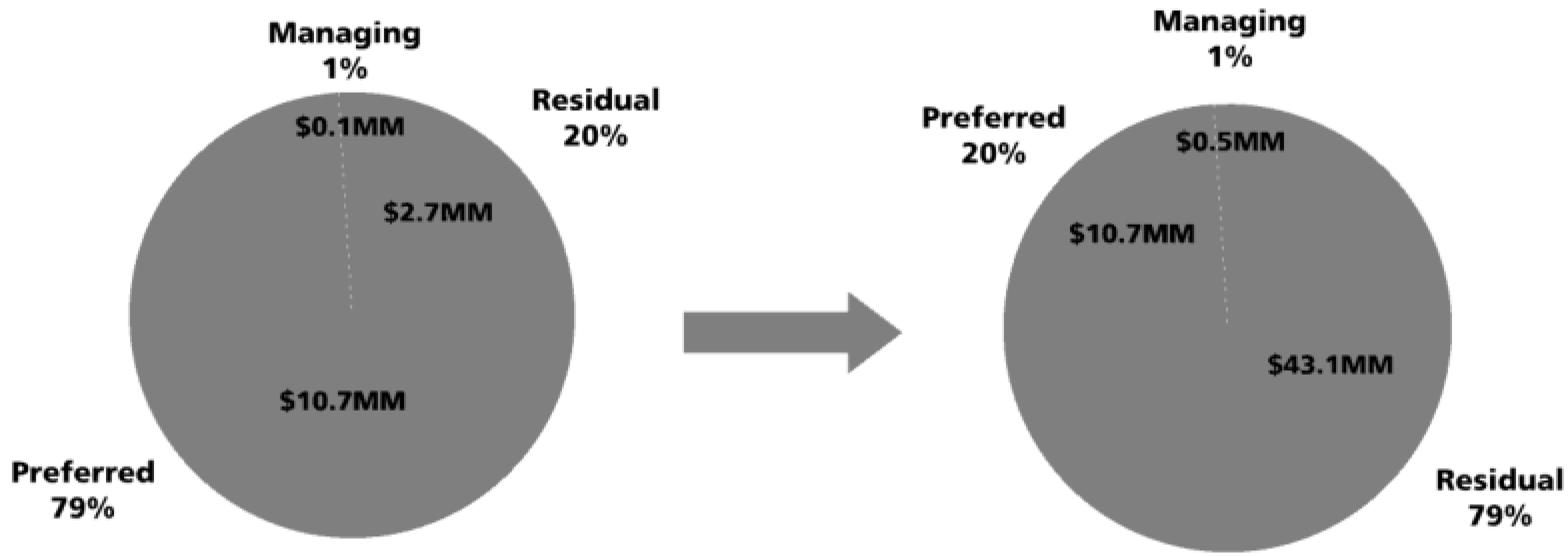
Direct gift: $3.2MM growing to $12.9MM less appreciated cost of gift tax of $2.0MM
FLP/LLC: $3.2MM growing to $12.9MM less appreciated cost of gift tax of $1.1MM
Gift of residual: $3.2MM growing to $43.1MM less appreciated cost of gift tax of $1.1MM
Assumes 15% return. Return estimate is for illustrative purposes only. Actual return will vary.

PPF shifts capital account appreciation to residual units over time



Total value of entity: $13.6MM Year 0	Liquidation Value: $54.3MM Year 10

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Assumptions: $16MM funding; 15% valuation discount on asset due to illiquidity and lack of marketability; 1%/79%/20% Managing/Preferred/Residual Unit split; 15% estimated total return; Estimated 7.5% mandatory fixed annual payments attributable to Preferred Units; Residual Units gifted to beneficiaries' trust at discounted value: 10% illiquidity discount on overall value of DST, 30% additional discount on value of Residual Units; 4 year deferral of mandatory fixed annual payments to Preferred Units

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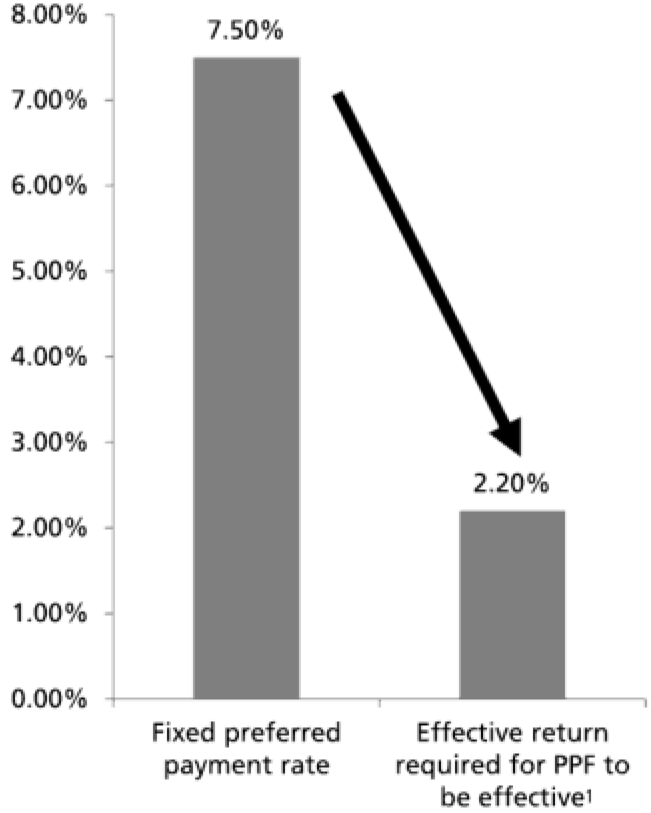
Return estimates are for illustrative purposes only. Actual return will vary.

What will the assets have to return to ensure that wealth transfer goals are achieved? Not the preferred rate of return



Why?

- Discount on asset
- Discount on DST and Residual Units
- 4-year deferral
- Benefit of growth from 100% of value of the entity

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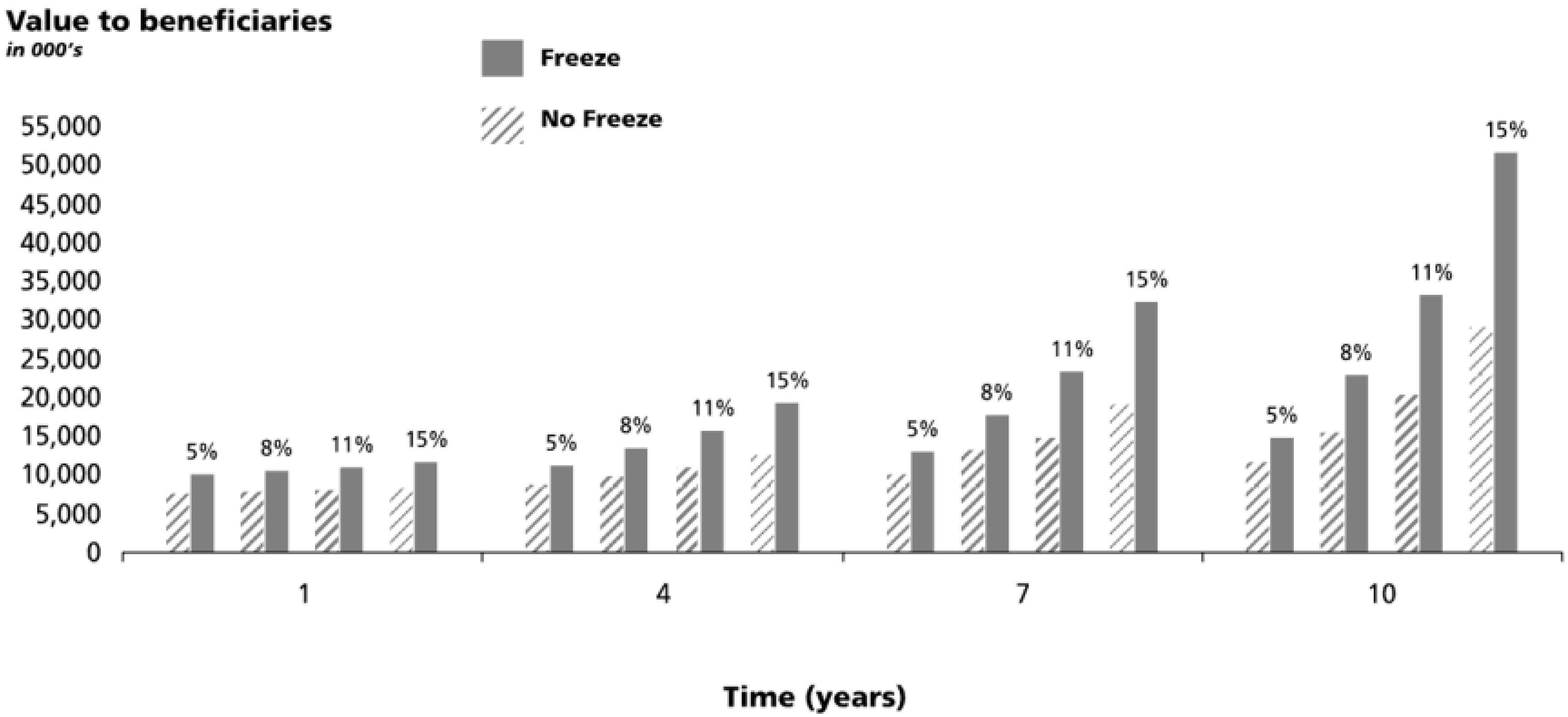
[1] 7.5% preferred coupon rate reduced by benefit of residual units value (in addition to preferred and managing units) to fund coupon payments, payment deferral periods, and 15% discount on assets contributed. Therefore, effective hurdle rate is the return required to produce ending residual value of $2.72MM (breakeven) + $599,760 (gift tax).

PPF exponentially benefits from incremental investment performance over time

The value at death[1] of PPF versus holding the assets. Assumes various return rates: 5%, 8%, 11%, 15%[2]



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[1] Assumes assets are liquidated.
[2] Return estimates are for illustrative purposes only. Actual return will vary.

Key Benefits

Non-economic

- Single upfront transfer eliminating need for annual transfers in the future (i.e. cascading GRATs that continually "re-GRAT"
- Consolidated management in Delaware
- Strong legal certainty
- Beneficial definition of security law "Qualified Purchaser" vs. GRAT
- Leverage other strategies with additional discount afforded structure

Economic

- No leakage first 4 years, minimal leakage thereafter
- May benefit from valuation discounts
- GST allocation with gift of residual
- If appreciation not as expected, can redeem preferred, locking in value or dissolve and recapitalize
- Hurdle rate may be lower than AFR and 7520 rates per valuation discount and benefit of preferred payments deferral

Key Risks

- IRS may arrive at different valuation conclusions
- Underlying asset could experience losses or earn less than the preferred coupon
- Tax law changes may affect potential benefits of structure

Creative gifts of Residual Units may further enhance the PPF

- Gifts to grantor trusts
  - investor remains responsible for income taxes of trust, allowing the trust principal to grow tax-free
  - trust provisions may provide for asset substitution, allowing investor to transfer high basis property/cash to trust in exchange for the low basis property in order to receive benefit of stepped up estate tax basis

- Gifts to generation-skipping trusts
  - value passes beyond children's generation without second level transfer taxes
  - Perpetual Delaware Trust compounds estate tax free for successive generations

- **Other wealth transfer strategies may be integrated with the PPF**

Assumptions for integration of other wealth transfer strategies with PPF

	Hold	PPF with GRAT	PPF with Cascading GRAT	PPF with Sale to IDGT
Assume same underlying asset	$16,000,000 in funding; 10 year term	$3,200,000 FMV residual units in funding; 10 year term	$3,200,000 FMV residual units in funding; 10 year term	$1,557,818 note; 10 year term
		Taxable value: $1,071,000	Taxable value: $1,071,000	FMV of sale: $2,909,094
		GRAT is zeroed out	GRATs are zeroed out	Gift made of discounted assets to trust for coverage: $155,782; FMV: $290,909.
	15% return on asset*	15% return on asset*	15% return on asset*	15% return on asset*
	Estate tax rate: 55%	Estate tax rate: 55 %	Estate tax rate: 55 %	Gift tax rate: 35%; Estate tax rate: 55 %
	No income tax is considered. Grantor retains income tax liability.	No income tax is considered. Grantor retains income tax liability.	No income tax is considered. Grantor retains income tax liability.	No income tax is considered. Grantor retains income tax liability.
	Assume 15% discount on underlying asset	Assume 15% discount on underlying asset	Assume 15% discount on underlying asset	Assume 15% discount on underlying asset
Structure specific assumptions		7520 rate: 3.0%	7520 rate: 3.0%	Long-term AFR rate: 4.3%
		20% Annuity escalation	20% Annuity escalation	
PPF assumptions		1%/79%/20% managing/preferred/residual unit split	1%/79%/20% managing/preferred/residual unit split	1%/79%/20% managing/preferred/residual unit split
		7.5% fixed annual payments to preferred units (based on 79% of discounted funding)	7.5% fixed annual payments to preferred units (based on 79% of discounted funding)	7.5% fixed annual payments to preferred units (based on 79% of discounted funding)
		10% illiquidity discount on total holdings; 30% additional discount on residual	10% illiquidity discount on total holdings; 30% additional discount on residual	10% illiquidity discount on total holdings; 30% additional discount on residual
		4 year deferral of payments on preferred units	4 year deferral of payments on preferred units	4 year deferral of payments on preferred units

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*Return estimates are for illustrative purposes only. Actual return will vary.

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Value to beneficiaries

Value to beneficiaries with different strategies assuming 15% return

Value to beneficiaries
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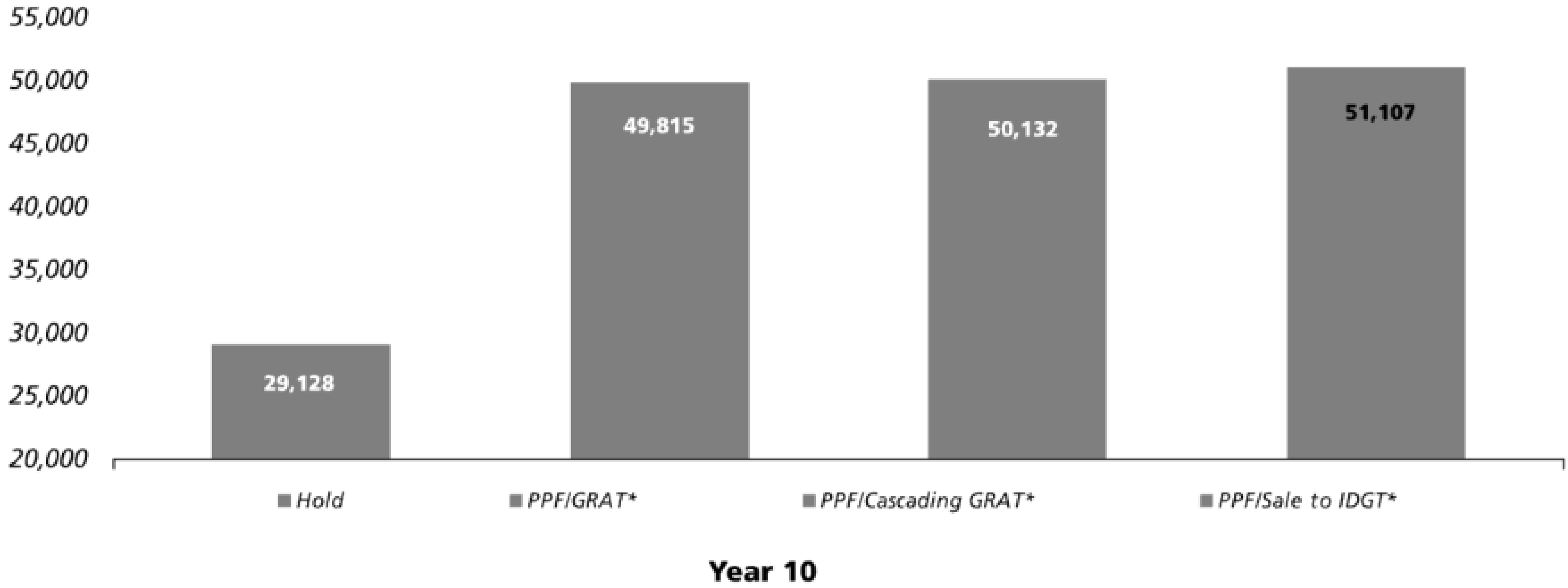

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*Annual payments in-kind.

Residual units fund a GRAT

Cash flow example: $16,000,000 assets, 15% return on assets

		Scenario 1	Scenario 2: Estate Freeze			
			Senior Family Members			Beneficiaries
				79%	1%	20%
Year		Hold asset	Fixed annual payments and GRAT payments	Preferred	Voting Managing	Residual
0	Discounted assets	$13,600,000		$10,744,000	$136,000	$2,720,000
	Gift tax incurred upon gift					
10	Value of assets upon liquidation	64,728,924	15,883,009	10,744,000	488,459	37,613,455
	Estate tax	(35,600,908)	(8,735,655)	(5,909,200)	(268,653)	-
	Net wealth to beneficiaries	29,128,016	7,147,354	4,834,800	219,807	37,613,455
			12,201,961			37,613,455
	Total value to beneficiaries	$29,128,016			$49,815,416	
	Value added by Estate Freeze		**$20,687,400**			

Assumptions: Pre-funding economic value = $16,000,000; Discount on DST = 10%; Discount on residual = 30%; Discount on assets contributed = 15%; Preferred = 79%; Residual = 20%; Managing = 1%; 7520 rate: 3%; Fixed preferred yield = 7.5%; Return on assets & fixed annual payments = 15%; Years of payout deferral = 4; 2011 Gift tax rate = 35%; 2021 Estate tax rate = 55%

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Residual units fund a Cascading GRAT

Cash flow example: $16,000,000 assets, 15% return on assets

		Scenario 1	Scenario 2: Estate Freeze			
			Senior Family Members			Beneficiaries
				79%	1%	20%
Year		Hold asset	Fixed annual payments and GRAT payments	Preferred	Voting Managing	Residual
0	Discounted assets	$13,600,000		$10,744,000	$136,000	$2,720,000
	Gift tax incurred upon gift					
10	Value of assets upon liquidation	64,728,924	15,299,969	10,744,000	494,290	38,190,665
	Estate tax	(35,600,908)	(8,414,983)	(5,909,200)	(271,859)	-
	Net wealth to beneficiaries	29,128,016	6,884,986	4,834,800	222,430	38,190,665
				11,942,216		38,190,665
	Total value to beneficiaries	$29,128,016			$50,132,881	
	Value added by Estate Freeze		**$21,004,866**			

Assumptions: Pre-funding economic value = $16,000,000; Discount on DST = 10%; Discount on residual = 30%; Discount on assets contributed = 15%; Preferred = 79%; Residual = 20%; Managing = 1%; 7520 rate: 3%; Fixed preferred yield = 7.5%; Return on assets & fixed annual payments = 15%; Years of payout deferral = 4; 2011 Gift tax rate = 35%; 2021 Estate tax rate = 55%

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Residual units sold to IDGT

Cash flow example: $16,000,000 assets, 15% return on assets

		Scenario 1	Scenario 2: Preferred Partnership Freeze & Sell Residual Units to IDGT				
			Senior Family Members				Beneficiaries
					79%	1%	20%
Year		Hold asset	Cost of gift tax	Fixed annual payments, interest & balloon payments	Preferred	Voting Managing	Residual
0	Discounted assets	$13,600,000			$10,744,000	$136,000	$2,720,000
	Gift tax incurred upon gift		($54,524)				
10	Value of assets upon liquidation	64,728,924	(220,579)	13,328,130	10,744,000	514,008	40,142,785
	Estate tax	(35,600,908)	121,318	(7,330,472)	(5,909,200)	(282,704)	-
	Net wealth to beneficiaries	29,128,016	(99,260)	5,997,659	4,834,800	231,304	40,142,785
				10,964,502			40,142,785
	Total value to beneficiaries	$29,128,016				$51,107,287	
	Value added by Preferred Partnership Freeze			**$21,979,272**			

Assumptions: Pre-funding economic value = $16,000,000; Discount on DST = 10%; Discount on residual = 30%; Discount on assets contributed = 15%; Preferred = 79%; Residual = 20%; Managing = 1%; AFR rate = 4.3%; Fixed annual payments = 7.5%; Return on assets & fixed annual payments = 15%; Years of payout deferral = 4; 2011 Gift tax rate = 35%; 2021 Estate tax rate = 55%

Note: Above example is for illustrative purposes only. These materials should not be construed as providing legal, tax, or accounting advice.
Numbers have been rounded for convenience, are only estimates for illustrative purposes and should not be relied upon. Actual return will vary.

Key considerations

	Preferred Partnership Freeze	Preferred Partnership Freeze with Grantor Retained Annuity Trust	Preferred Partnership Freeze with Sale to Intentionally Defective Grantor Trust
Initial tax cost	No gift on creation if comply with §2701; but 10% minimum Residual Units	No gift on creation	Initial gift of 10% or more
Return to grantor (assume growth of reinvested amounts)	Preferred payments	Annuity payments (calculated to return GRAT principal + §7520 rate of return)	Interest + completed principal payments on note
Investment rate of return necessary to succeed	Market rate for similar preferred interests	§7520 rate at time of creation of GRAT	Applicable federal rate at time of sale for duration of note
Valuation	Gift on creation if preferred payment rate < market rate or if valuation of assets are adjusted.	No valuation risk because regulations allow formulas for annuity to self-adjust	Additional gifts if valuation of assets are adjusted
Timing & duration of payments	4-year grace period for annual payments. Duration: lifetime.	20% annual increase allowed, payment within 105 days. Duration: GRAT term.	Flexible interest/principal payments, but must decide at inception. Duration: term of note.
Allocation of GST exemption	Yes, if GST exempt trust or skip person holds Residual Units	No	Yes, if purchaser is GST exempt trust
Loss or "waste" of gift tax or GST exemptions (or taxes paid) if assets underperform	Yes	None	Yes
Mortality risk	No inclusion in taxable estate of transferred Units	Inclusion in taxable estate if grantor dies before GRAT term ends	Law is unclear regarding estate and income tax
Grantor's control	Grantor appoints/removes and can be investment manager, and appoints independent trustee.	Grantor can be trustee of GRAT but should not control assets after end of GRAT term	Grantor should not act as trustee of trust

Important information

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