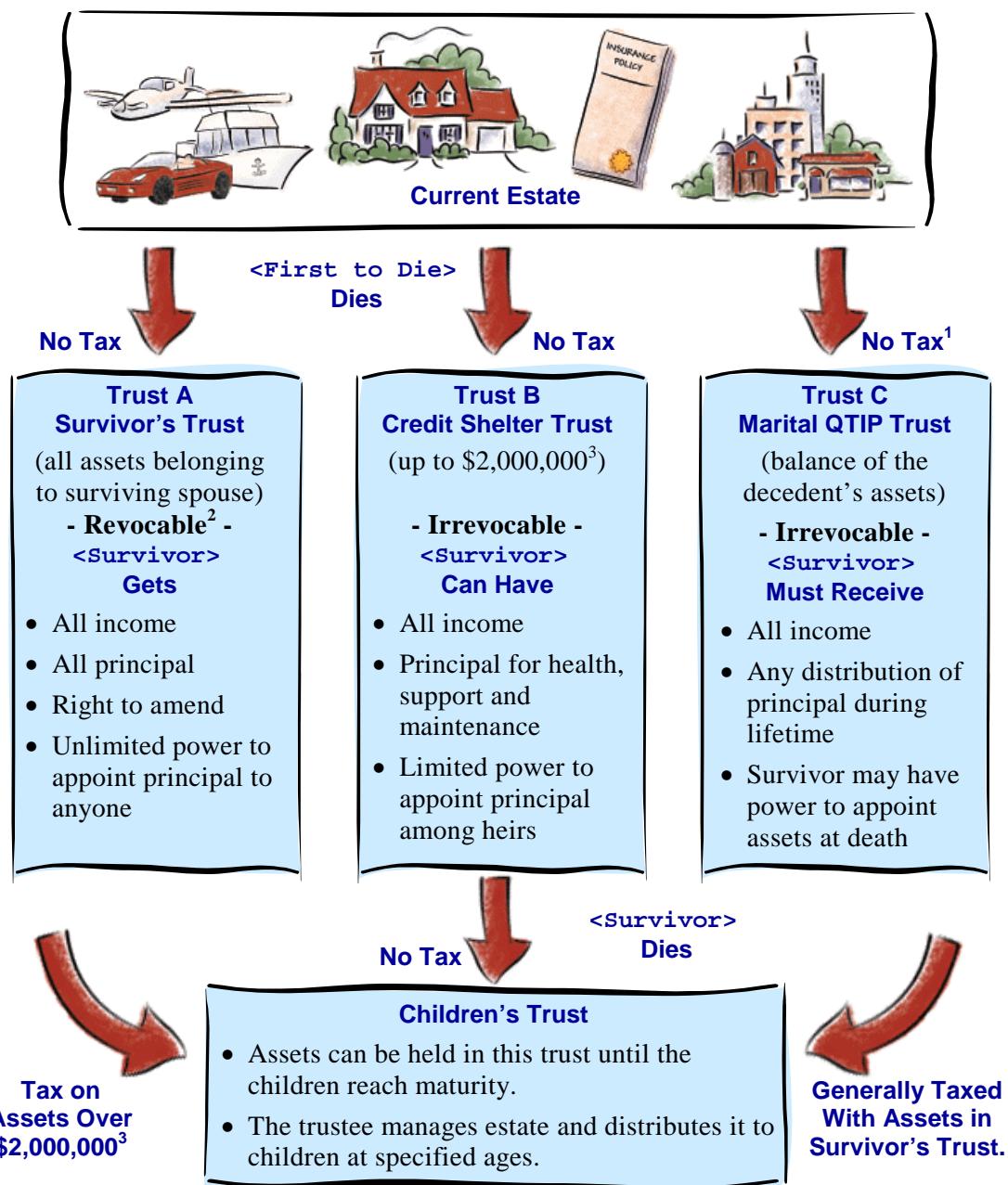


## Credit Shelter and QTIP Trusts

The combination of credit shelter and QTIP trusts is designed to make use of the applicable credit amount of each spouse, while giving the first to die the power to choose who receives his or her estate. The credit shelter trust is generally not taxed at either death. The survivor's and QTIP trusts are generally taxed when the surviving spouse dies.



<sup>1</sup> The executor may choose to have the QTIP trust taxed at the death of the first spouse, or after surviving spouse dies.

<sup>2</sup> Trust may be irrevocable if it is a general power of appointment trust or an estate trust.

<sup>3</sup> The applicable exclusion amount is the dollar value of assets protected from federal estate tax by an individual's applicable credit amount. It is scheduled to change as follows: \$2,000,000 for 2006-2008; \$3,500,000 for 2009, zero federal estate tax for the year 2010; and \$1,000,000 for 2011 and thereafter (unless permanently repealed or otherwise modified).