August 2014

Venn Diagrams: The Intersection of Estate & Income Tax

Planning in the ATRA-Math

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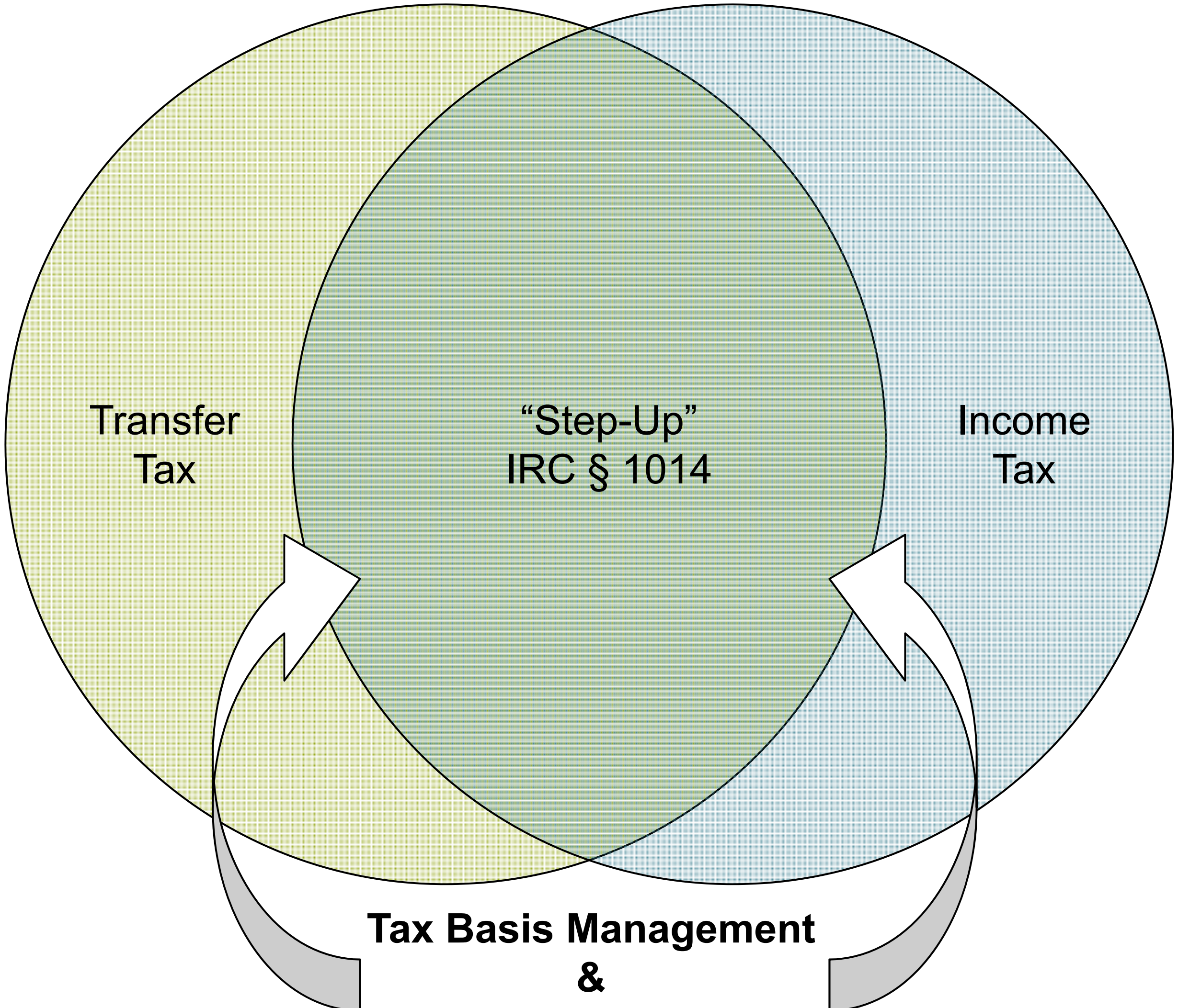
Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

Venn Diagram: Transfer and Income Tax

Assets to be Transferred Out of the Gross Estate

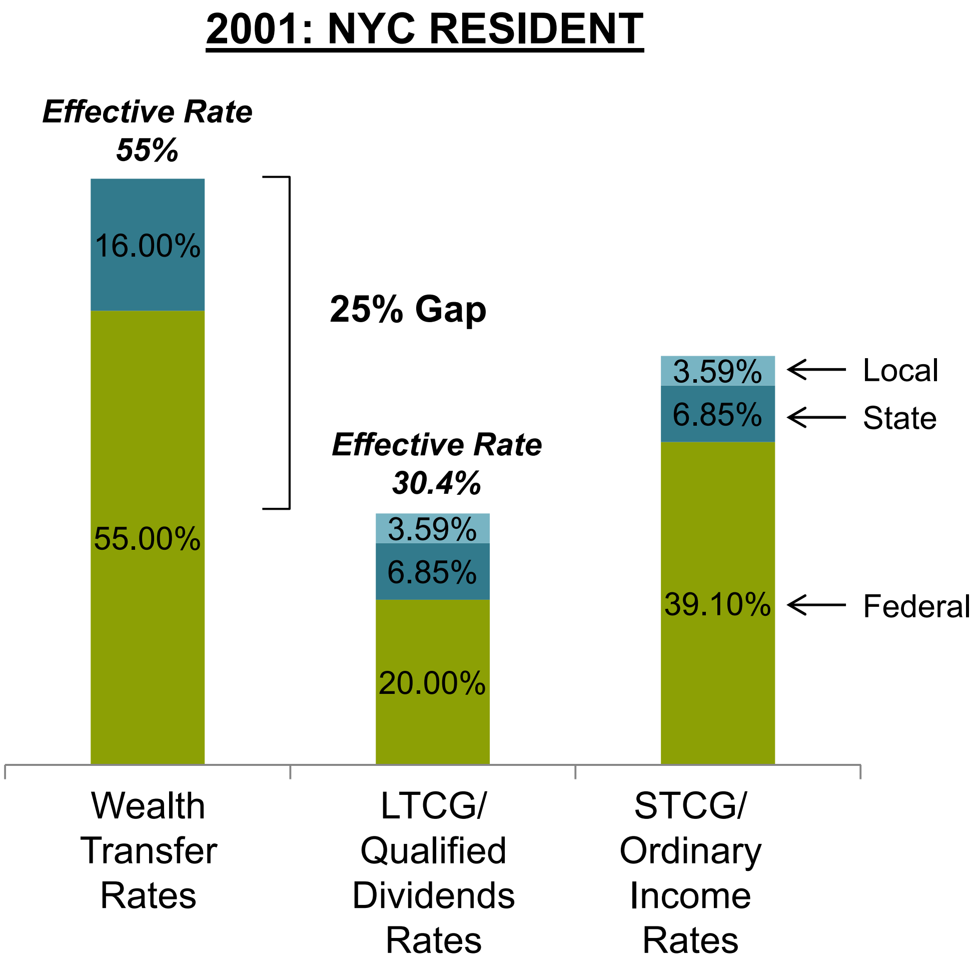
(Wealth Transfer)



Assets Recognized During Lifetime

(Tax Avoidance & Deferral)

The Old Paradigm: When in Doubt, Transfer Out



Federal Estate & Gift Tax Exclusion:	***$ 675,000***
GST Tax Exemption:	***$1,060,000***

ESTATE PLANNING RECOMMENDATIONS

- During life, use the estate & gift tax exclusion
- During life, transfer wealth as quickly as possible
- Avoid estate tax inclusion at every generation
- Step-up in basis at death is less important because of the relatively low capital gain tax rates
- Income tax consequences are secondary
- State of residence will not significantly affect the plan

Rates represent Bernstein's estimate of the top marginal tax, federal and state income, capital gains and estate tax brackets, and assume the taxpayers are in AMT

The "Permanent" Fix to the Wealth Transfer Tax System

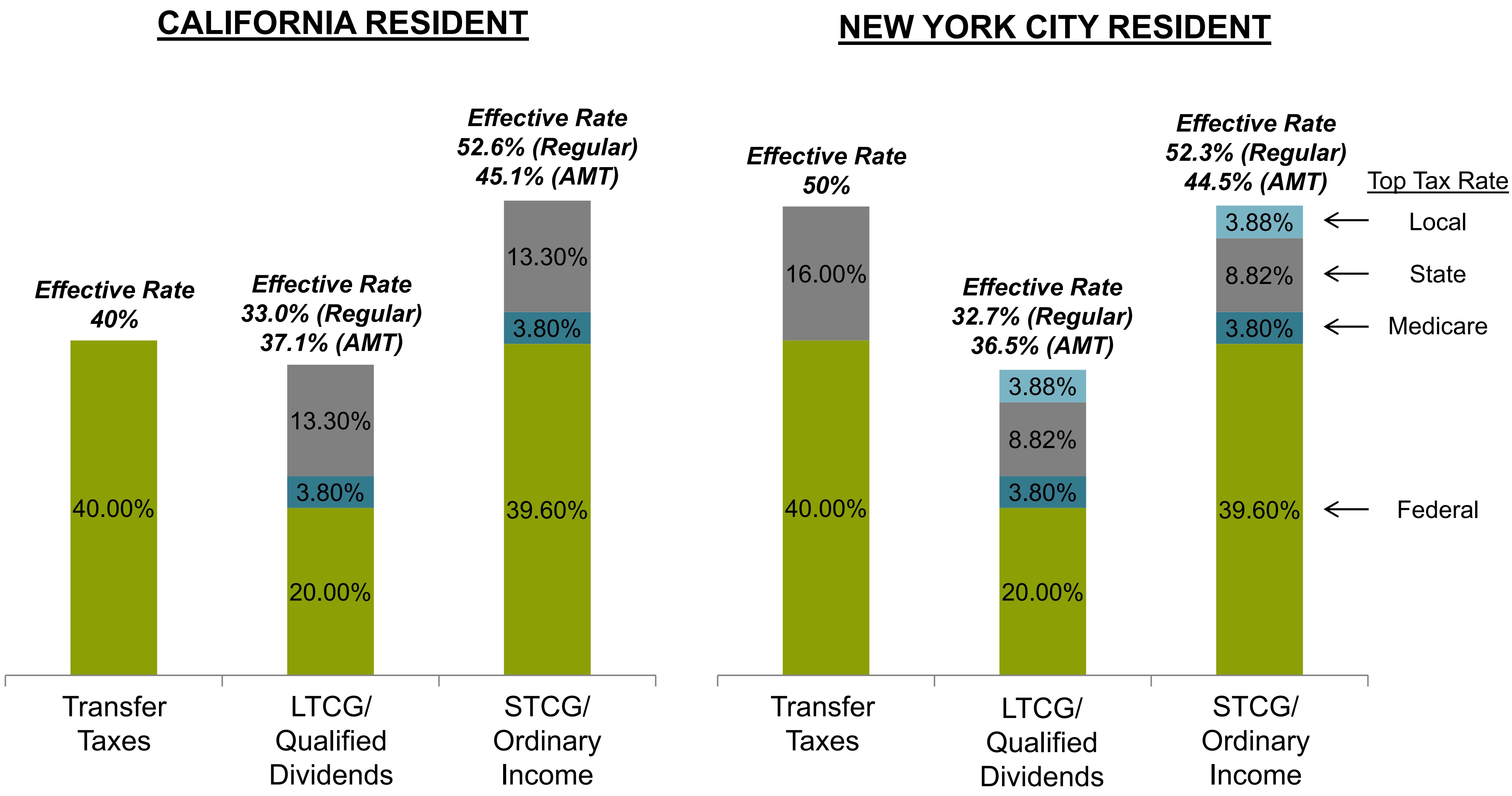
"American Taxpayer Relief Act of 2012*"

- Reunification of Gift, Estate and Generation-Skipping Transfer Tax
- **$5.34 million Applicable Exclusion Amount for 2014 (indexed from 2011)**
- **40% maximum rate**
- Portability of "Deceased Spousal Unused Exclusion Amount"
- No Sunset Provision

Don't forget about the income tax rates

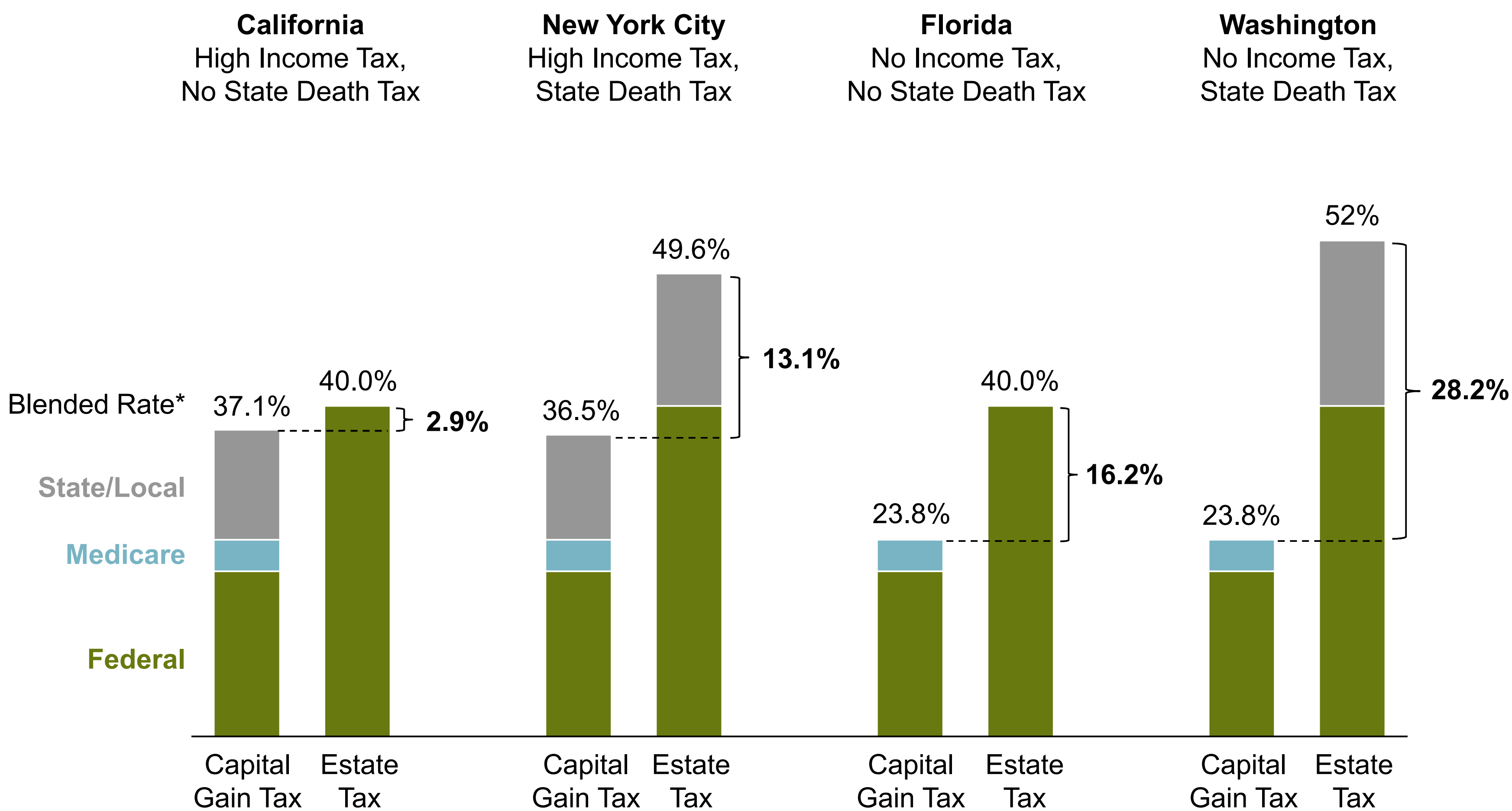
*P.L. 112-240, enacted January 2, 2013

Tale of Two City/States: The Gap Has Narrowed



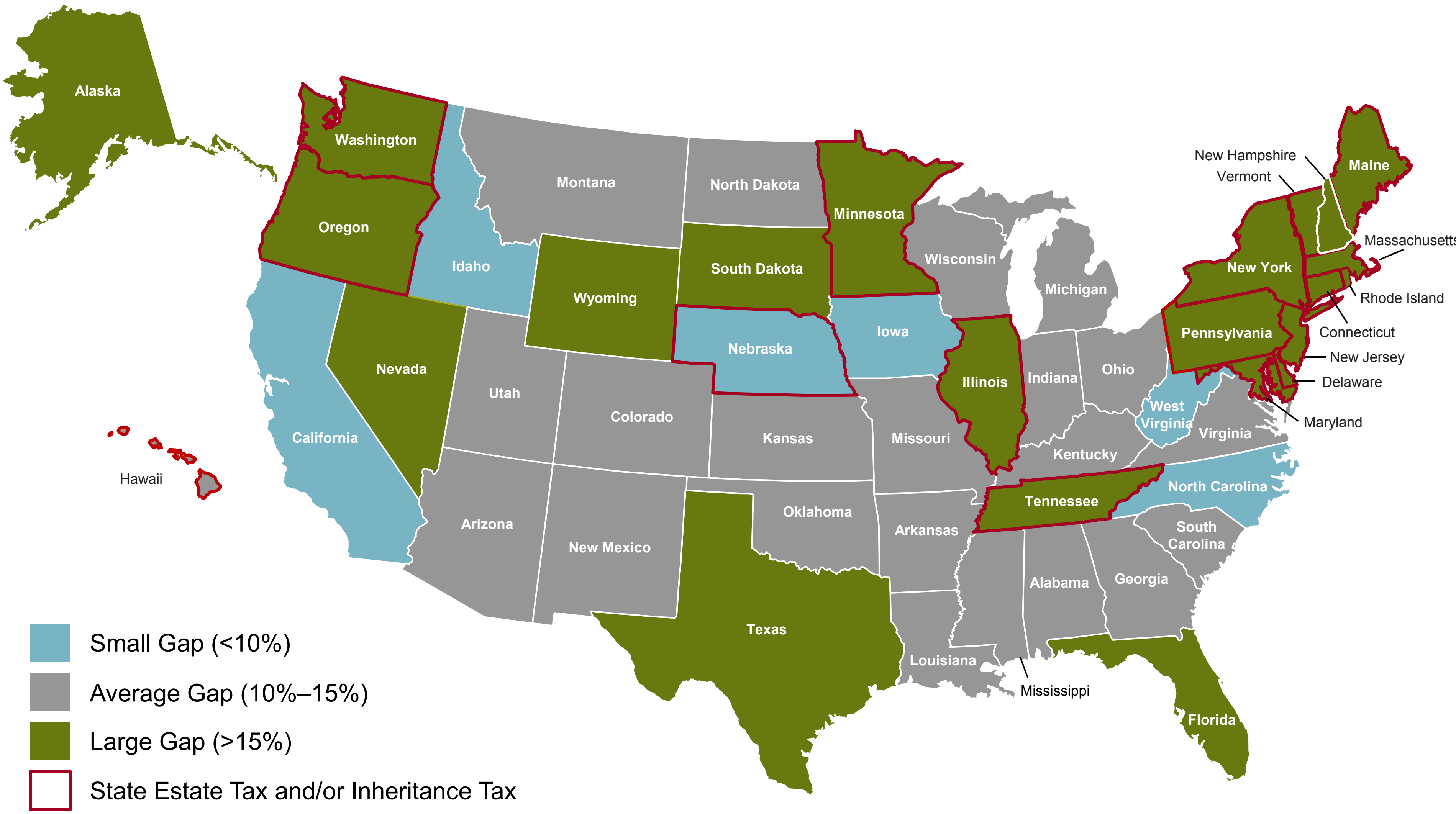
Rates represent Bernstein's estimate of the top marginal tax, federal and state income, capital gains and estate tax brackets, and assume the taxpayers are in AMT

“Gap” Between Estate and Capital Gain Tax Rates Varies by State



*Based on Health Care and Education Reconciliation Act of 2010 and the American Taxpayer Relief Act of 2012. Rates represent Bernstein’s estimate of the top marginal tax, federal and state income, capital gains and estate tax brackets. Blended rates assume the taxpayers in New York City and California are in AMT. Bernstein is not a legal, tax or estate advisor. Investors should consult these professionals as appropriate before making any decisions.
Numbers may not sum due to rounding.
Source: IRS and AllianceBernstein

“Gap Map:” Estate and Capital Gain Tax Rate Differentials by State*

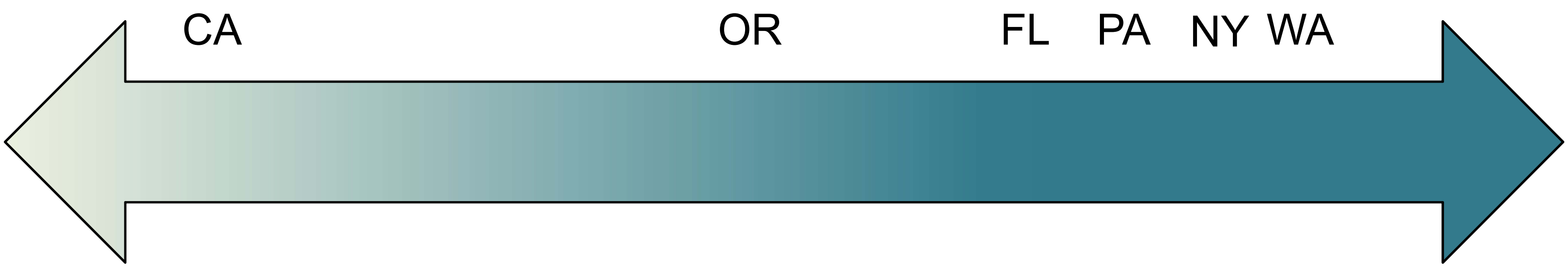


*As of July 31, 2013. See Notes on State Income Taxes and State Death Taxes in the Appendix for further details. Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

What Kind of State Are You In?

MORE PASSIVE ESTATE PLANNING

MORE PROACTIVE ESTATE PLANNING

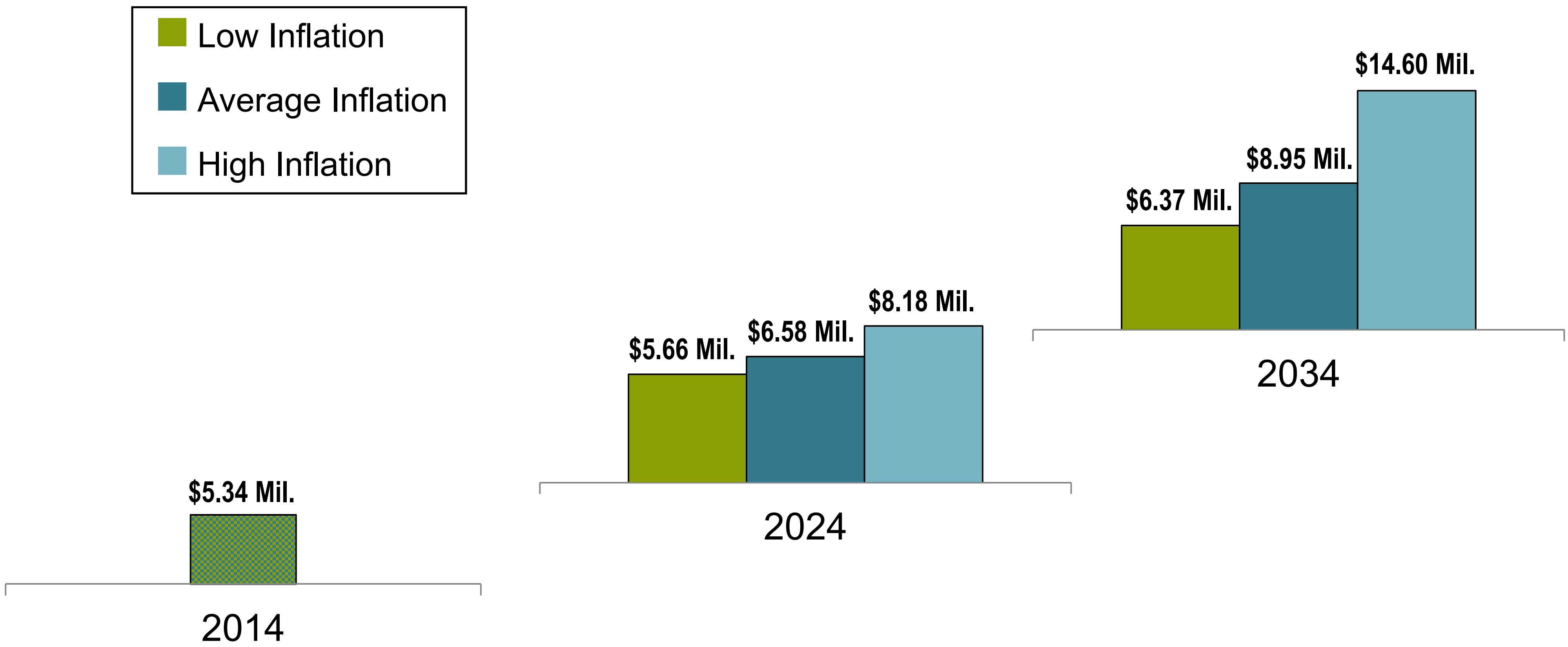


Community Property State
High State Income Tax
State Gift Tax (only CT)
No State Estate or Inheritance Tax

Separate Property State
Low or No State Income Tax
No State Gift Tax
High State Estate or Inheritance Tax

Step Right Up And Eliminate Your Income Taxes

Forecasted
Applicable Exclusion Amount*



*Based on increases in inflation, rounded to the nearest $10,000. Low, average and high inflation are defined as the 90th, 50th and 10th percentile of inflation over the relevant time period. Based on Bernstein's estimates of the range of returns for the applicable capital markets. Data do not represent past performance and are not a promise of actual future results or a range of future results. See Notes on Wealth Forecasting System for details.

The New Paradigm

- Estate Planning
  - Infinitely more complicated
- Applicable Exclusion Amount
  - Should be used as little as possible
  - Taxpayers should consider keeping as much as possible for the “step-up” in basis
  - “Zeroed-out” transfers should be utilized instead
- Income Tax Considerations
  - Can be more important than the transfer tax consequences
  - Should be considered in tandem with potential transfer taxes
- Estate Tax Inclusion
  - Can save more in income taxes
  - Should be forced if the income tax savings are greater than the transfer tax cost
- State of Residence
  - Will give rise to very different types of estate planning

Some Assets Benefit From "Step-Up"—Some Assets Do Not

"Step-Up" Important

Asset Type	Tax Characteristic
Creator-Owned Copyrights, Trademarks, Patents & Artwork	Ordinary → Long-Term
"Negative Basis" Commercial Real Property LPs	Recapture & >100% Long-Term
Artwork, Gold & Other "Collectibles"	28% Long-Term
Low Basis Stock	20% Long-Term
Roth IRA Assets	Tax Free & No Surcharge
High Basis Stock	Minimal Gain
Qualified Small Business Stock (QSBS)	§ 1202 Gain [50, 60, 75 or 100%] Exclusion
Fixed Income	Typically Minimal Gain
Cash	Basis = Face Value
Passive Foreign Investment Company (PFIC) Shares	No "Step-Up"
Stock at Loss	Capital Loss Erased
Variable Annuities	Partially IRD
Traditional IRA & Qualified Plan Assets	100% IRD

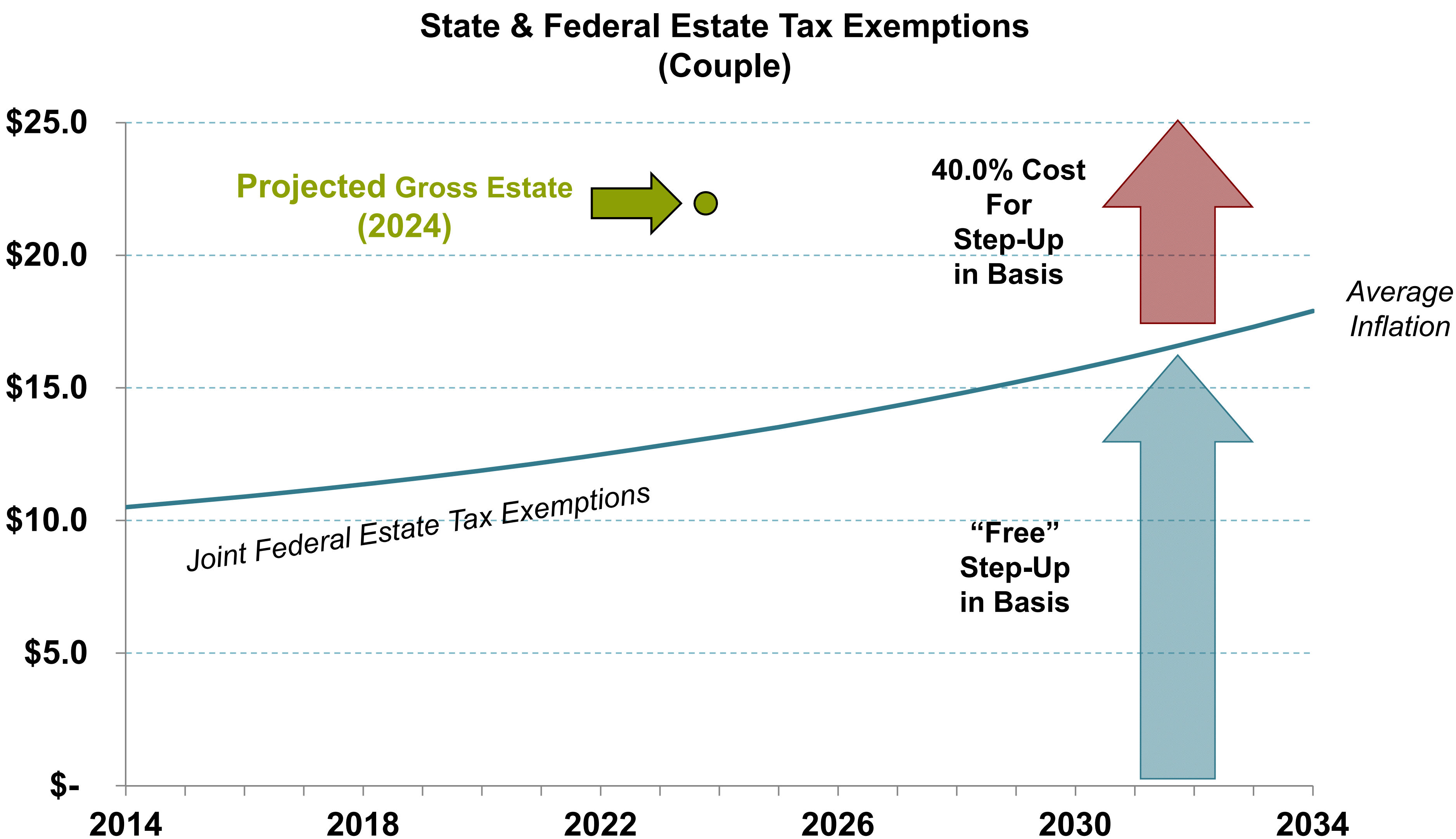
"Step-Up" Not Important

Estate Planning Today Is a Multi-Variable Problem

- Time Horizon
- Spending
- Size of Estate
- Return and Income Tax Character of Assets
- Expected Income Tax Realization on Assets
- Investment and Non-Investment Income
- State of Residence of Grantor and Beneficiary
- Inflation

$$\dot{x}_i = \sum_{j=1}^{R} \rho_j(v) \left(\phi_i^j(X_i) + \psi_i^j(X_i) x_{i+1} \right)$$

Estate Tax Cost vs. Income Tax Savings from "Step-Up"



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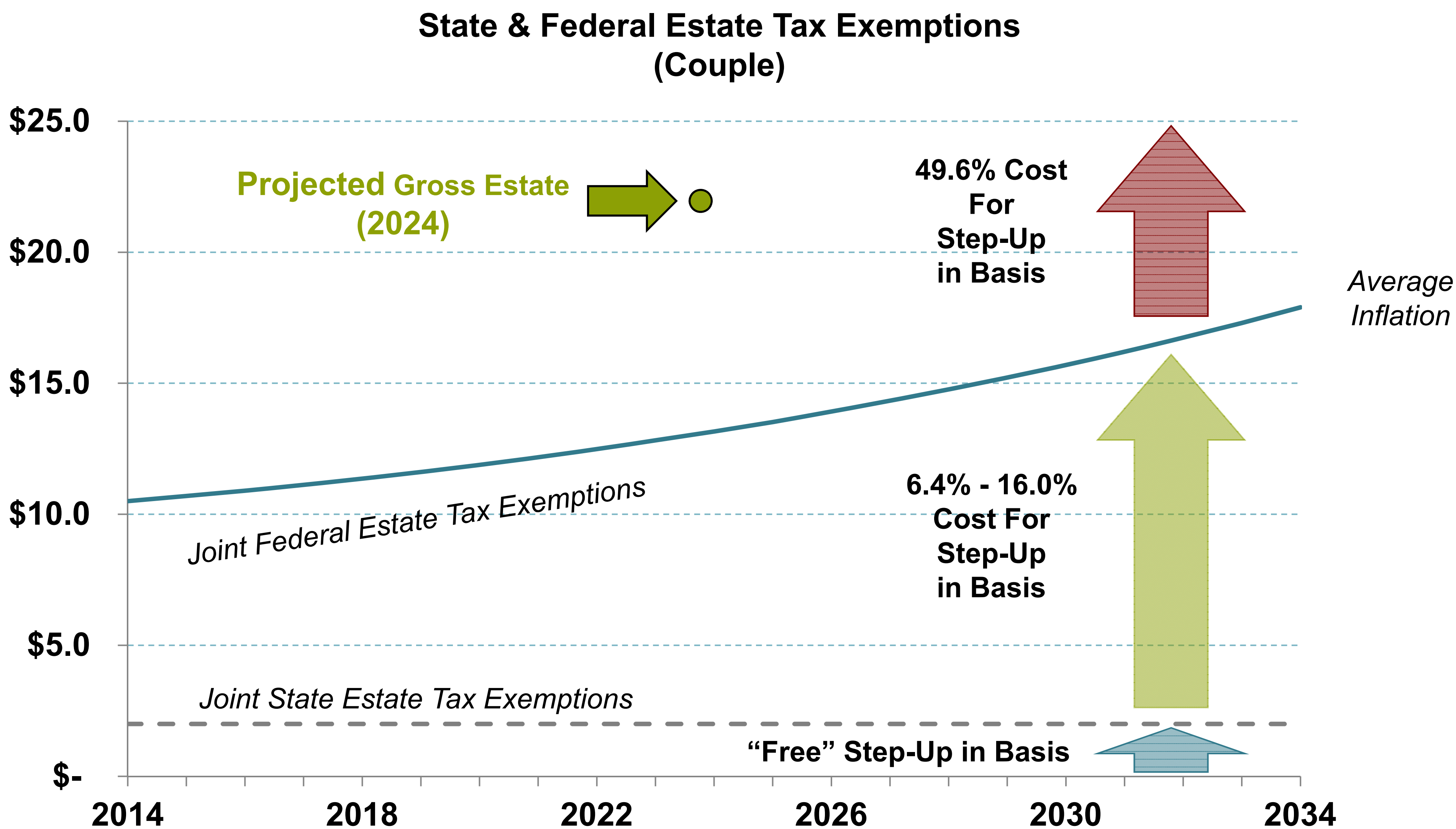
Estate Tax Cost vs. Income Tax Savings from "Step-Up"



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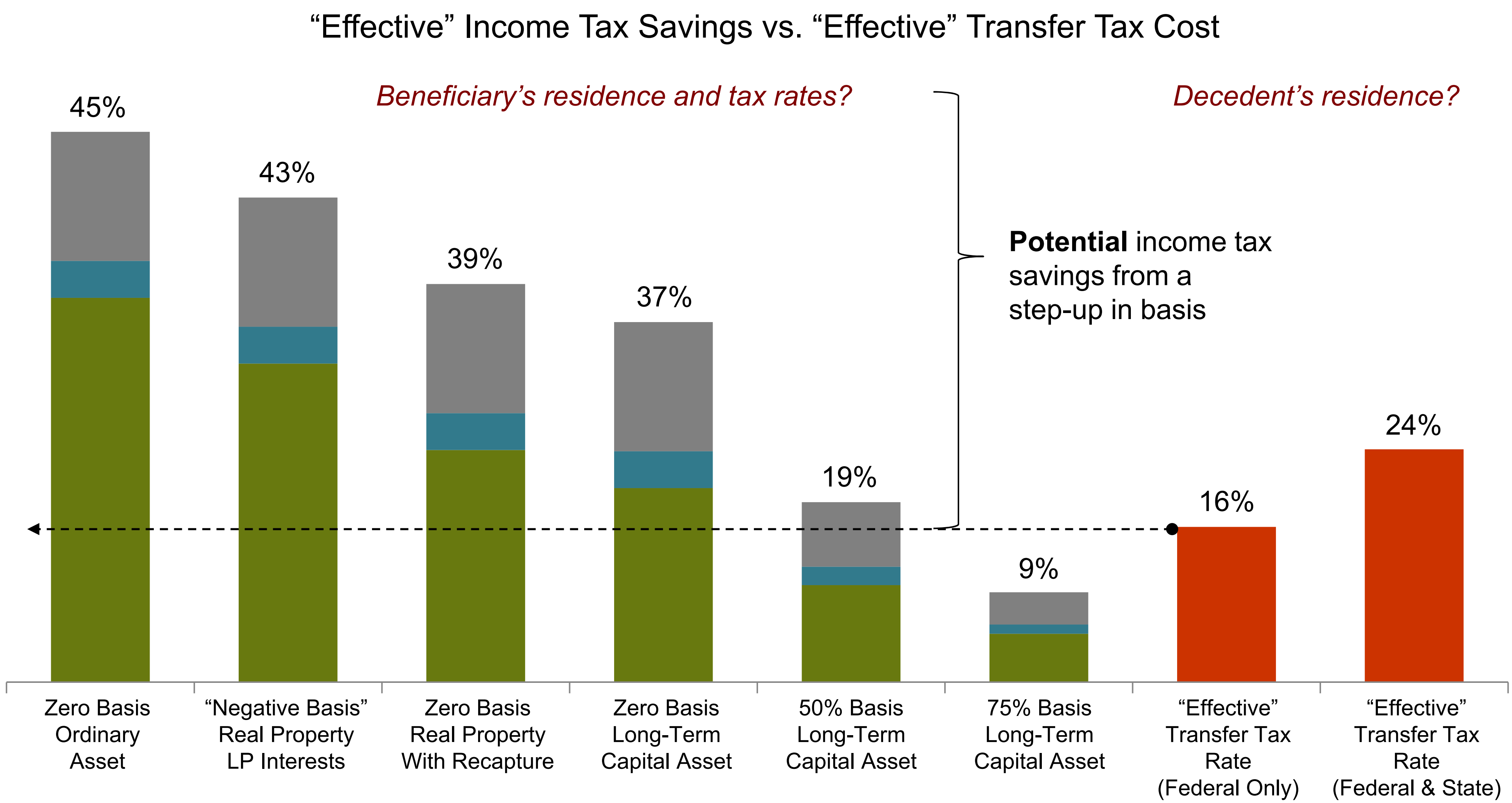
What Is the Nature of the Assets in the Estate?



Rates represent Bernstein's estimate of the top marginal tax, federal and state income, capital gains and estate tax brackets in relation to the fair market value of the assets. Rates assume a taxpayer in California is in AMT. In the "negative basis" scenario, assumes 20% of gain is Section 1250 recapture and 10% of additional gain due to reduction in non-recourse debt. In the zero basis real property scenario, assumes 20% of the gain is Section 1250 recapture.

Portability: Game Changer? Useless?

Deceased Spouse's Unused Exemption Amount (DSUEA)
- "Ported" to surviving spouse
- Avoids traditional by-pass/credit shelter/AB trust planning
- May be used to shelter surviving spouse's gifts and testamentary transfers

ADVANTAGES

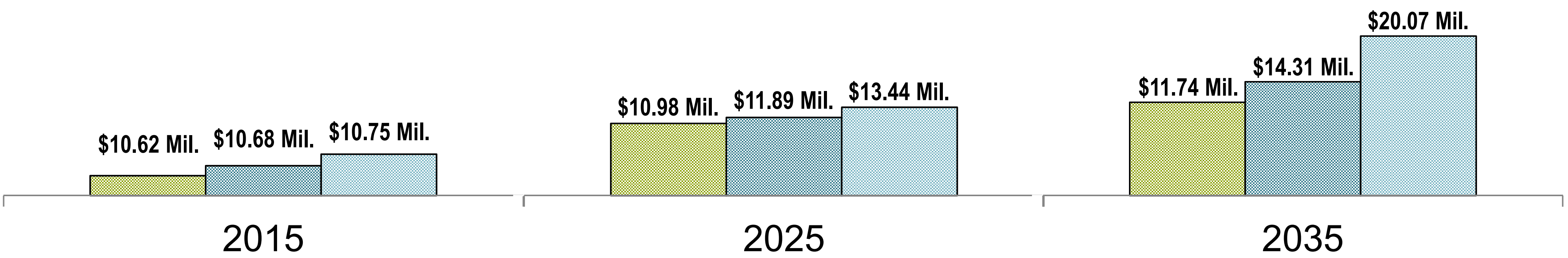
- "Free" double "step-up" in basis
- Simplicity
- All income tax reported by surviving spouse
- Surviving spouse can gift DSUEA to grantor trust

DISADVANTAGES

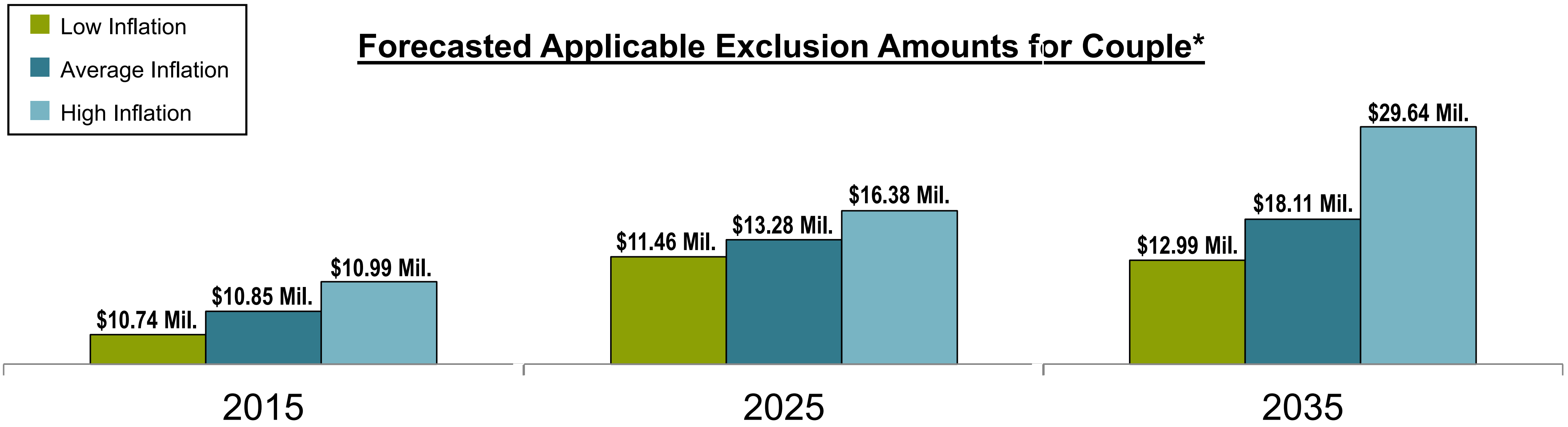
- No cost-of-living increase on DSUEA
- No GST Tax exemption portability
- No state estate/inheritance tax portability
- Appreciation above DSUEA subject to estate tax
- Estate tax return required even if no tax payable
- Limited applicability if children from prior marriage exist
- Spouse may not retain benefit of subsequent DSUEA gift
- No creditor protection for benefit of spouse

DSUEA Will Lose Estate Tax Benefit Over Time

Forecasted Applicable Exclusion for Surviving Spouse + Portability in 2013*



Forecasted Applicable Exclusion Amounts for Couple*



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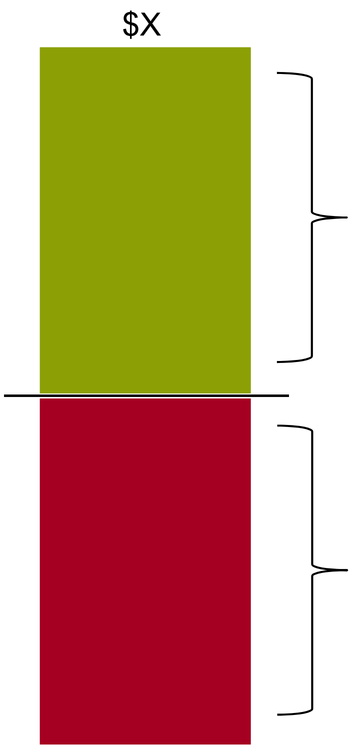
Tax Trade-Off Between By-Pass Trust vs. Portability-Based Plan

Tax Trade-Off of Traditional By-Pass Trust Plan = Estate Tax Savings – Income Tax Costs



Estate Tax Savings =
Taxable Appreciation x
Estate Tax Rate

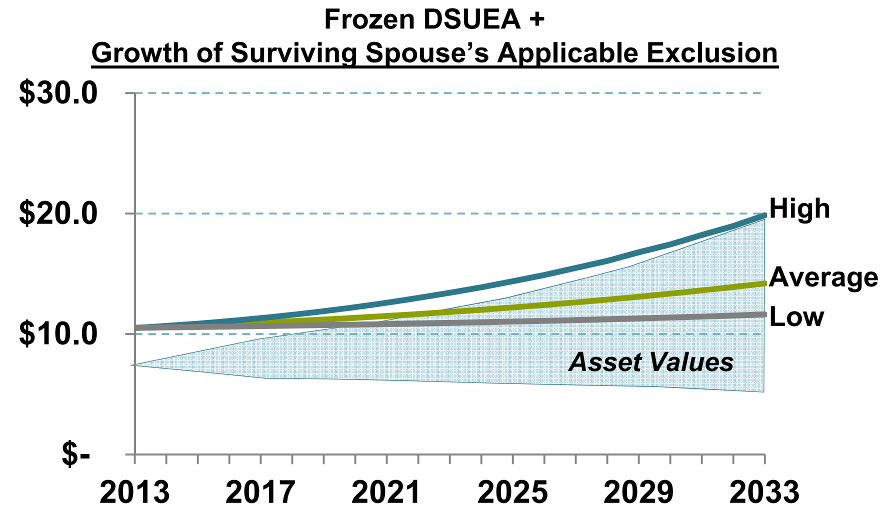
Income Tax Costs =
No Subsequent "Step-Up"
+ Non-Grantor Trust Tax Drag

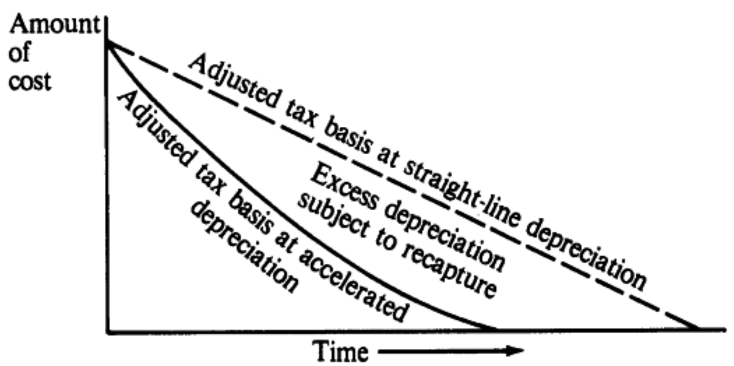
- If Estate Tax Benefit > Income Tax Costs, By-Pass Trust Plan Wins
- If Estate Tax Benefit < Income Tax Costs, Portability-Based Plan Wins

Source: AllianceBernstein

When Portability Might Make Sense

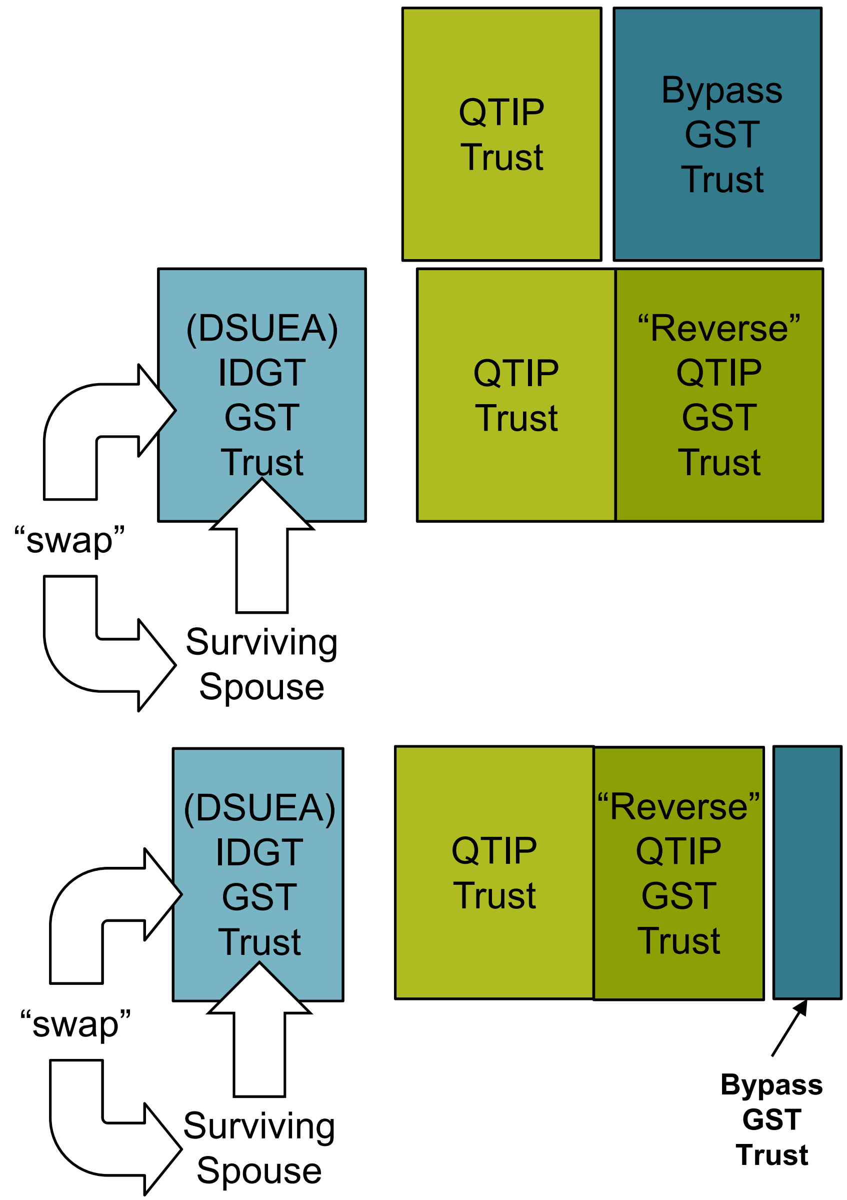
- Combined assets of:
  - $3.0 Mil. to $7.0 Mil.
- Assets are primarily:
  - Traditional IRA & qualified plan assets (Rollover & RMD)
  - Primary residence (§ 121 Exclusion & Homestead)
- Assets that are depreciable or depletable:
  - Commercial real property
  - Oil & gas and other mineral interests
  - Timber interests





When Portability Might Make Sense

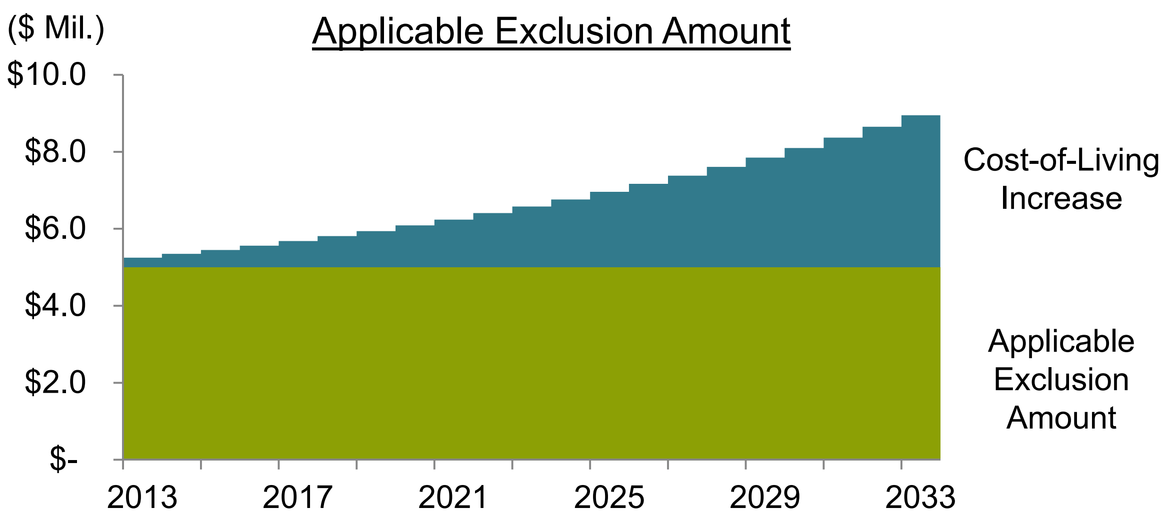
- Surviving spouse and estate are willing to:
  - Establish 100% QTIP
  - "Reverse" QTIP election
  - Fund an "intentionally defective grantor trust" (IDGT) with DSUEA
  - Apply surviving spouse's GST exemption to the transfer
- State Estate/Inheritance Tax: No State QTIP, No State Gift Tax
  - Bypass trust funded with state exemption amount
  - Elect portability on the remainder above state exemption
  - Gift of DSUEA to IDGT
- Surviving spouse
  - Has significantly appreciated assets (separate property)
  - Will proactively transfer stepped-up assets in "zeroed-out" techniques



The Sacrosanct Applicable Exclusion Amount

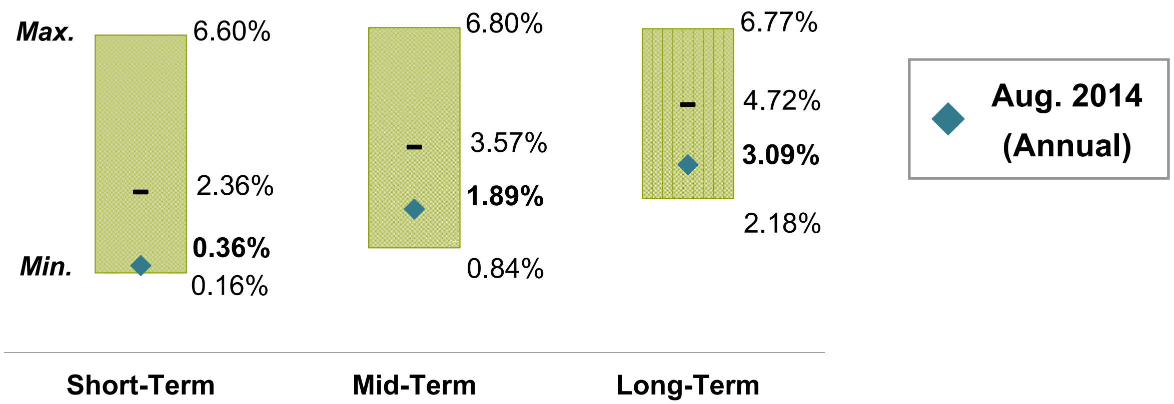
- Option 1:
  - Use as little Applicable Exclusion as Possible to Preserve "Step-Up" in Basis
  - Rely on "Zeroed-Out" gifts to transfer wealth. Consider some of the following:
    - Private Annuity Sales or Very Long Term GRATs
    - Back-Loaded Annuity CLATs

- Option 2:
  - Use some but not all of Applicable Exclusion to hedge legislative risk
  - Perhaps use the annual cost-of-living increase like annual exclusion gifts



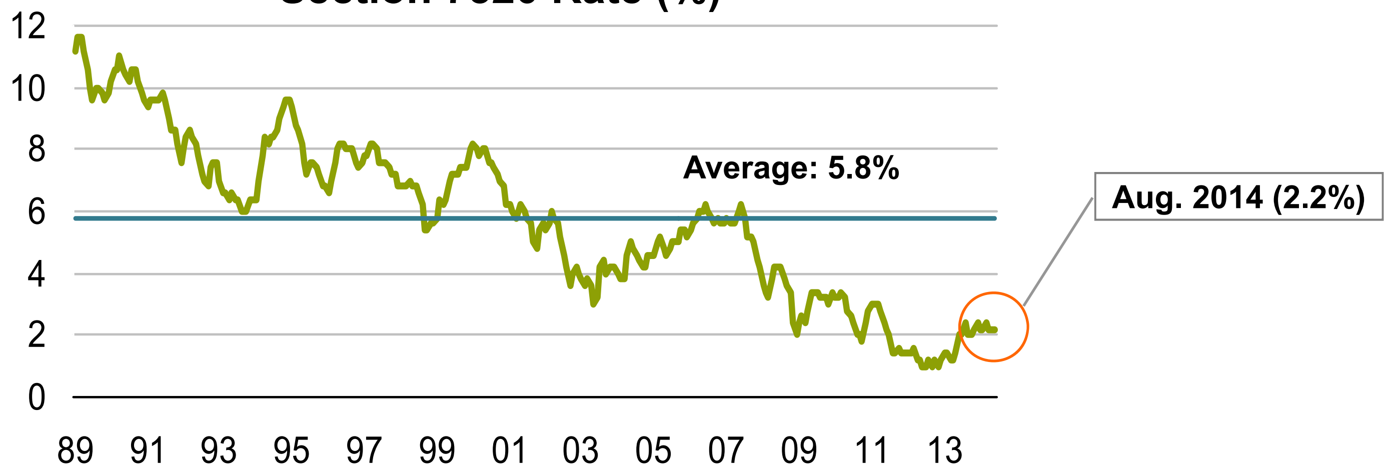
Still Very Low AFR and Section 7520 Rates

Applicable Federal Rates*
Jan. 1998 – Aug. 2014



Installment Sales to IDGTs
&
Intra-Family Loans

Section 7520 Rate (%)**

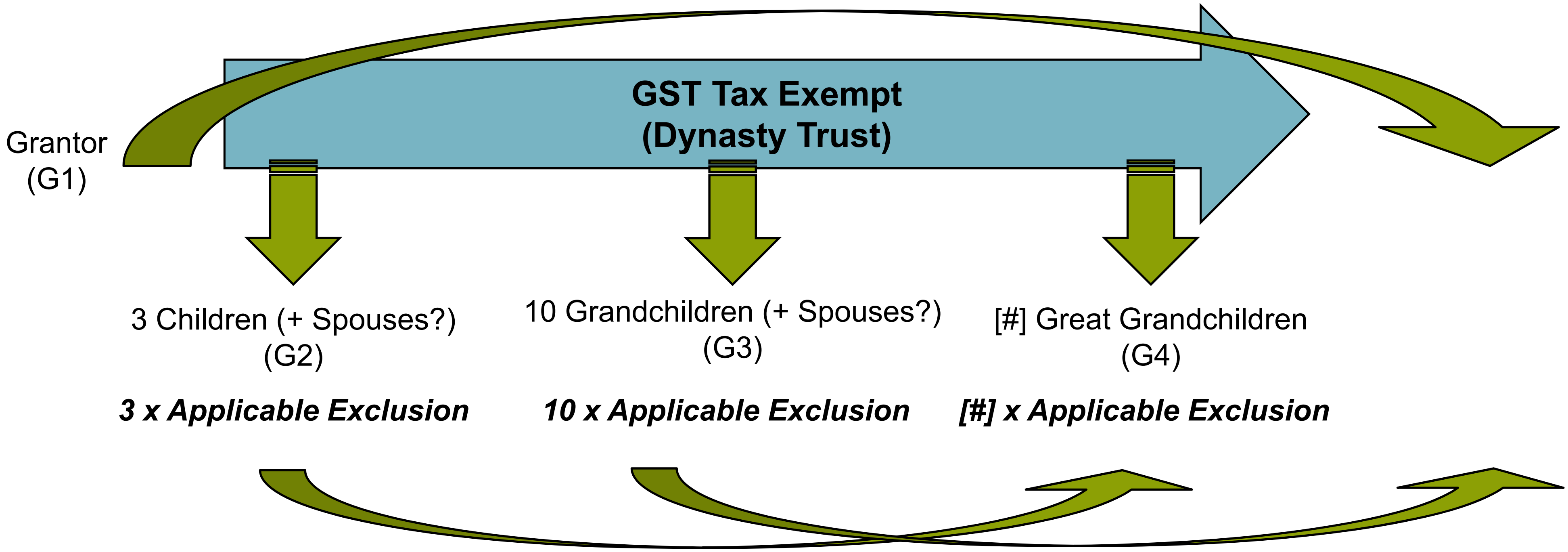


GRATs
&
CLATs

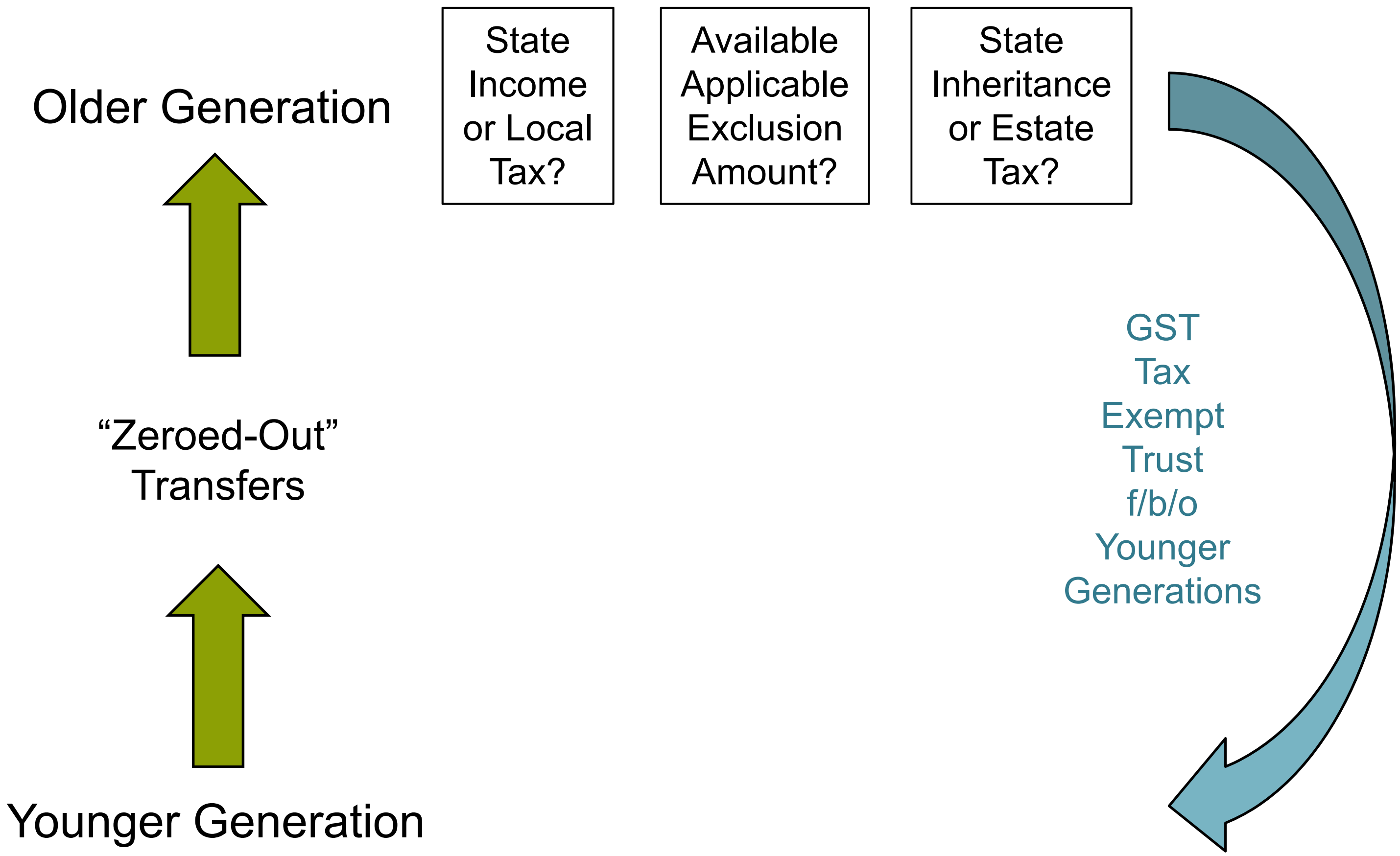
*Section 1274(d) of the Internal Revenue Code of 1986, as amended (Code), compounded annually.
**Code Section 7520. As of August 2014.
Source: Internal Revenue Service (IRS) and AllianceBernstein

Forcing Estate Tax Inclusion & Multiplying the Applicable Exclusion

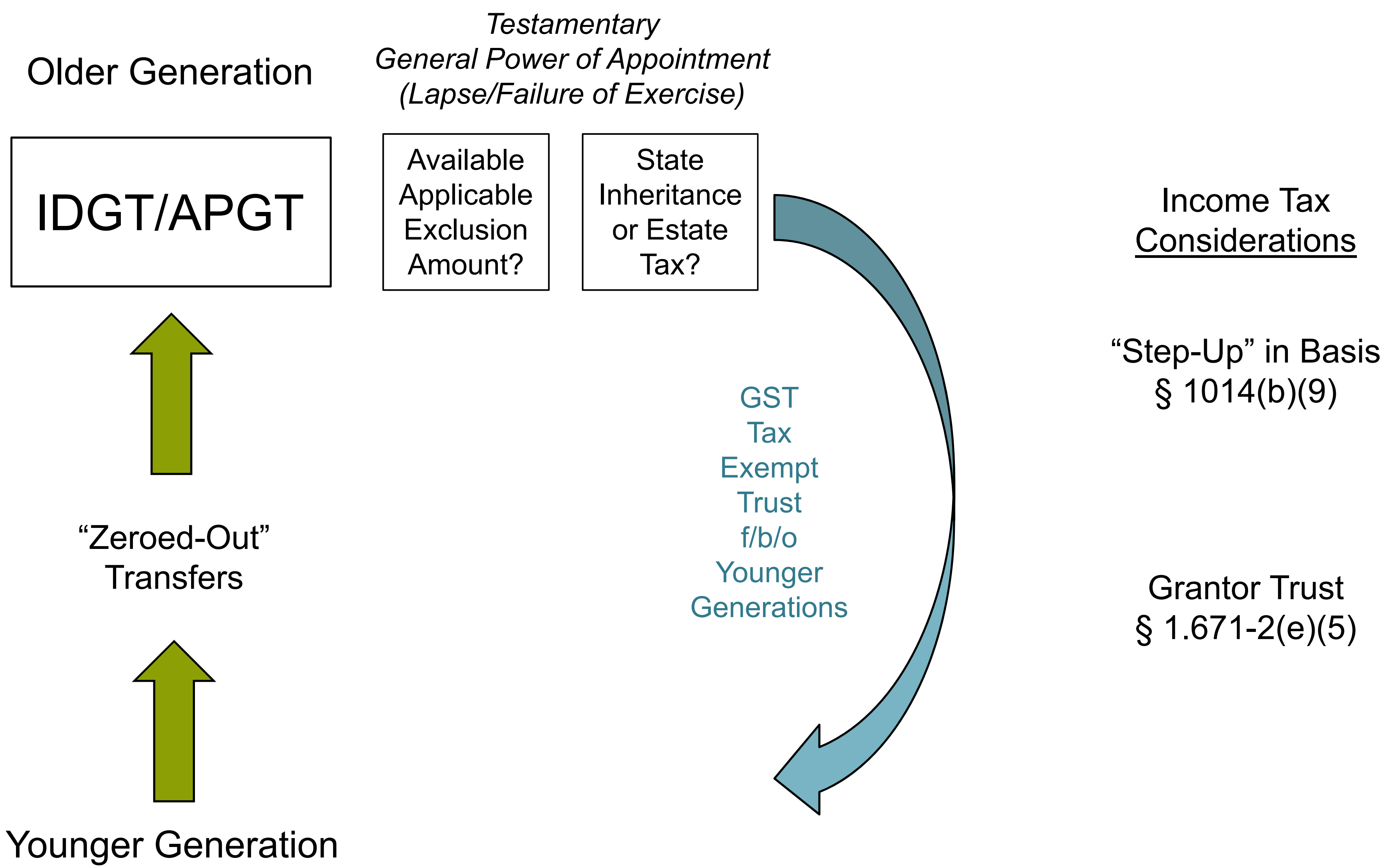
- In-Kind Trust Distributions
- Testamentary General Powers of Appointment
  - Formula clause: specific to beneficiary's unused Applicable Exclusion Amount (estate and GST tax), specific to asset that would most benefit from "step-up" in basis, and unexercised in further trust.
  - Independent trustee/protector giving testamentary general power of appointment to beneficiary.
  - Modification of existing trusts or decanting.



"Reverse" Estate Planning?

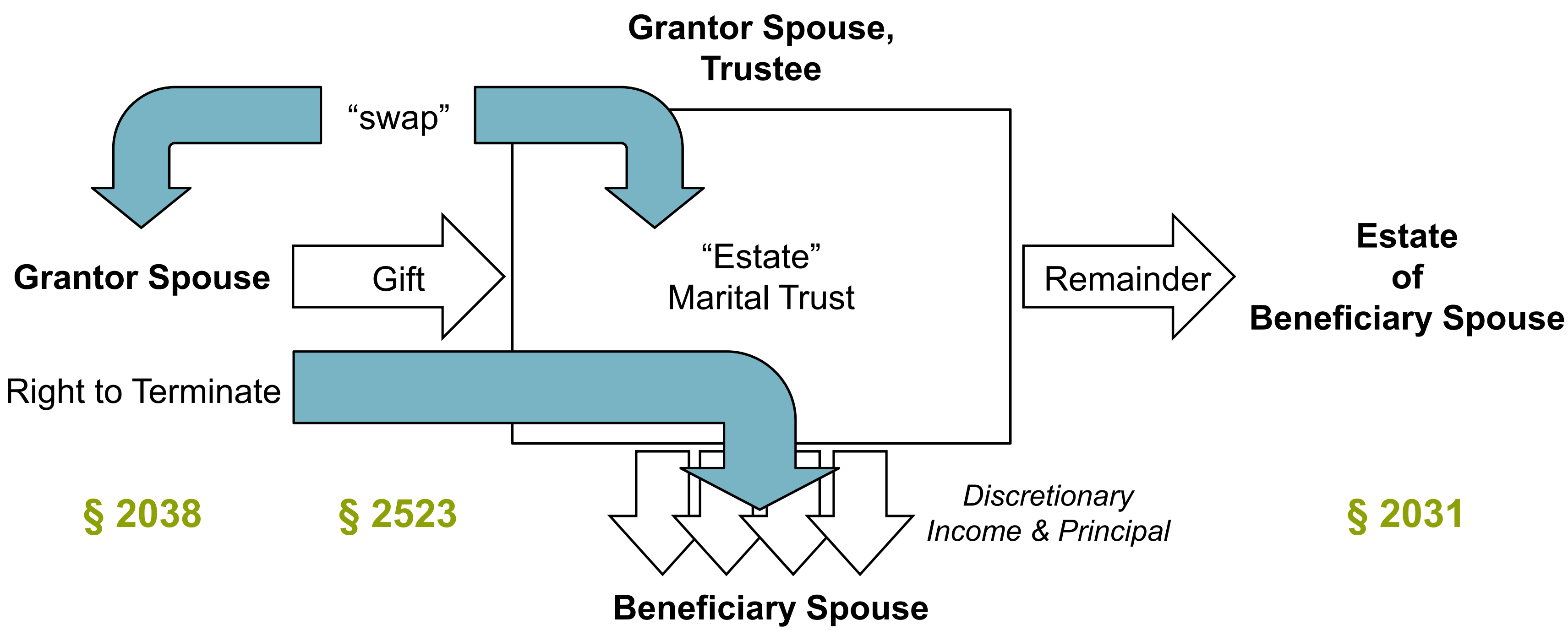


"Reverse" Estate Planning 2.0: UpSPAT? Accidentally Perfect?

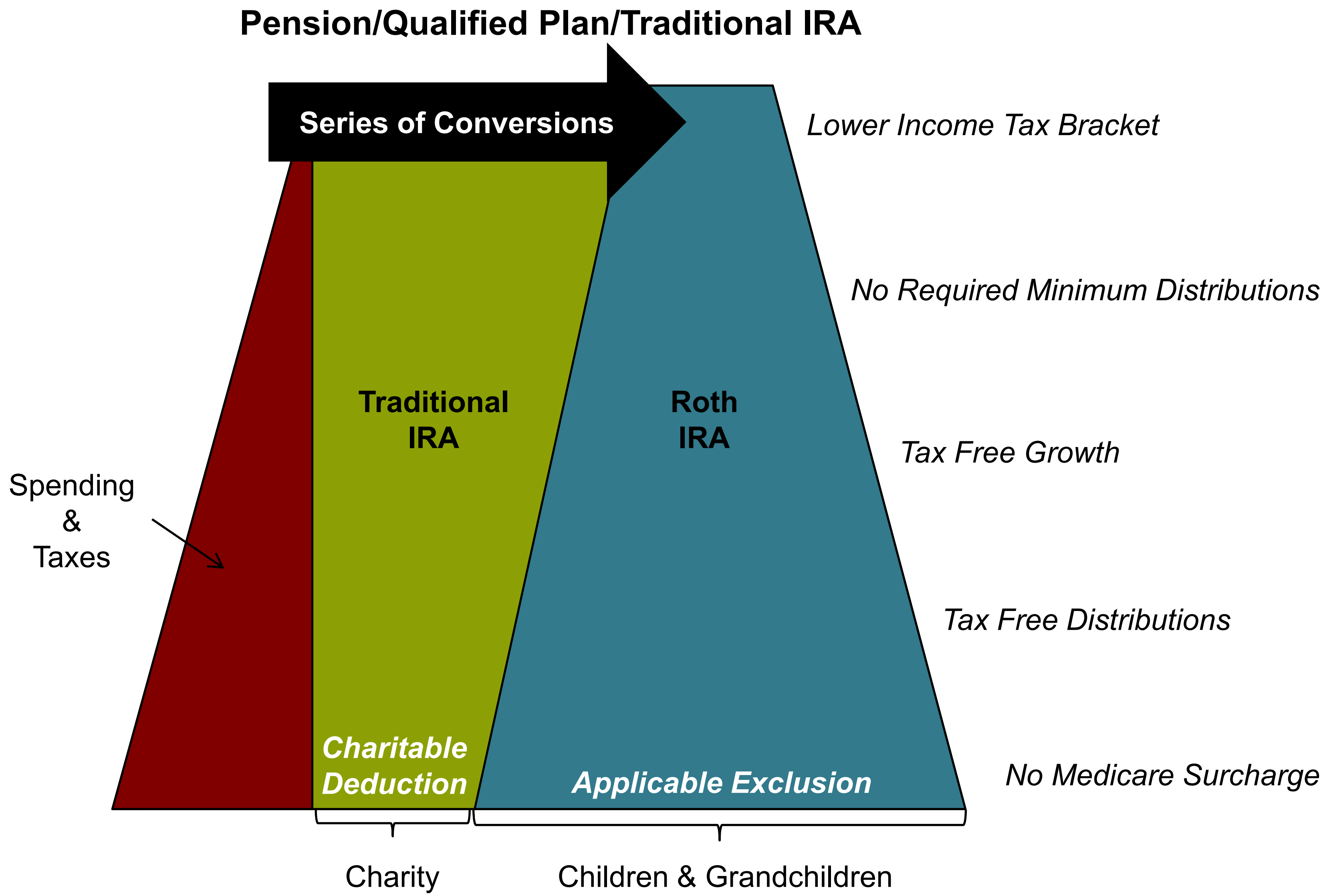


Double "Step-Up" in Basis

- Community Property
- Elective or Consensual Community Property Trusts (AK and TN)
- Joint Exempt Step-Up Trust (JEST)
- Section 2038 Estate Marital Trust



The Roth IRA Conversions Are More Important to Consider



Splitting Income: Direct Gift, Simple, Complex, Non-Grantor, Grantor Trusts

“Running the Brackets”: $42,954 tax savings $53,247 tax savings

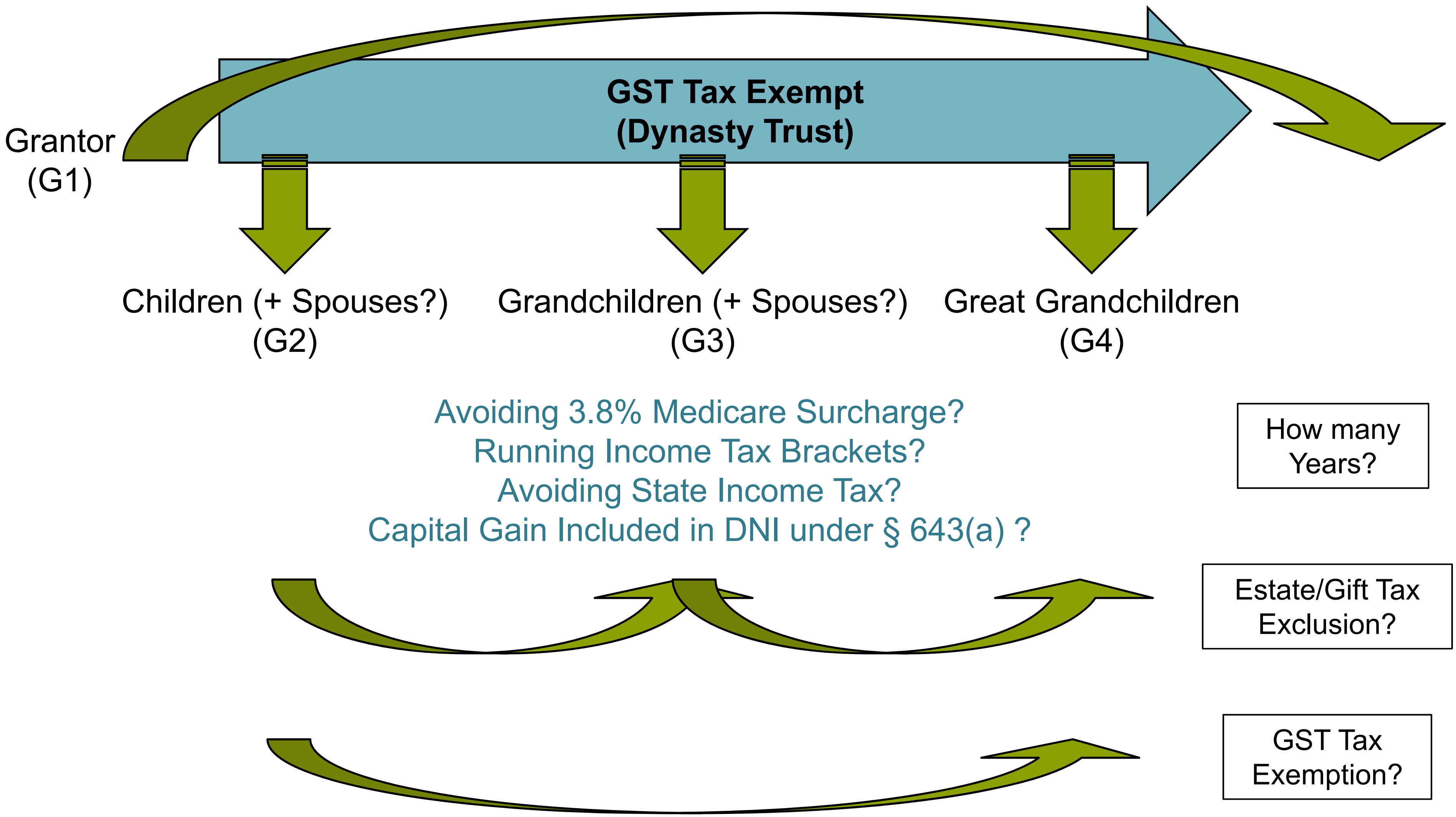
STCG/Ordinary Rate	Single	Joint
10%	$0-$9,075	$0-$18,150
15%	$8,076-$36,900	$18,151-$73,800
25%	$36,901-$89,350	$73,801-$148,850
28% / 31.8%	$89,351-$186,350	$148,851-$226,850
33% / 36.8%	$186,351-$405,100	$226,851-$405,100
35% / 38.8%	$405,100-$406,750	$405,101-$457,600
39.6% / 43.4%	$406,751+	$457,601+

Non-Grantor Trusts Highest Tax Bracket @ $12,150 Taxable Income

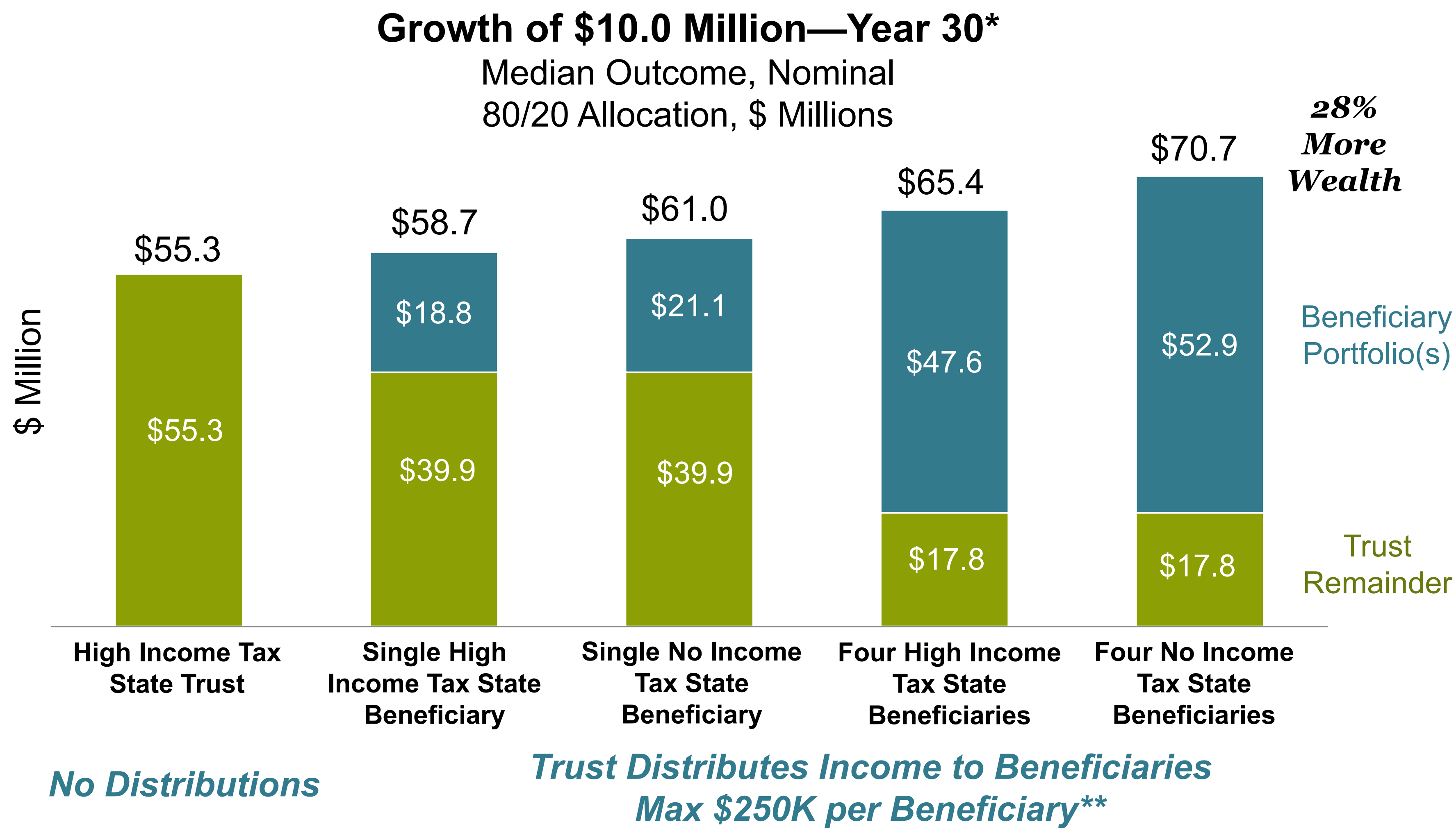
LTCG/QD Rate	Single	Joint
0%	$0-36,900	$0-$73,800
15%	$36,901-$200,000 AGI	$73,801-**$250,000 AGI**
18.8%	**$200,001 AGI**-$406,750	**$250,001 AGI** -$457,600
23.8%	$406,751+	$457,601+

- Splitting income, not necessarily cash flow: S corporation, LLC and LP shares

Do Fiduciaries Have a Duty to Distribute Even with Dynasty Trusts?



Tax Savings Can Be Significant



*80/20 modeled as 80% stocks and 20% bonds. Stocks are modeled as 63% US large-cap, 7% US small-/mid-cap, 22.5% developed international and 7.5% emerging markets stocks. Bonds are modeled as intermediate-term municipals.

**Assumptions: trust distributes pretax annual income and capital gains up to $250,000 per year (nominal) to each beneficiary; beneficiary invests after-tax distributions in 80/20 portfolio. It further assumes each beneficiary has no outside income or other assets and is not subject to estate tax in the future.

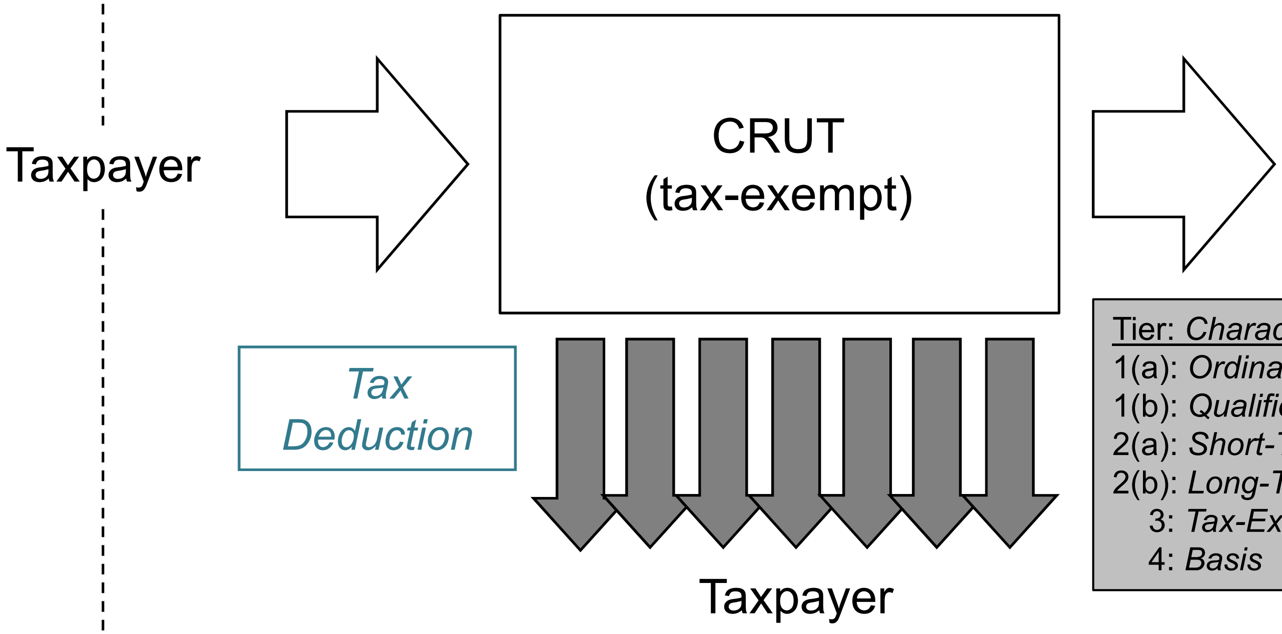
Based on Bernstein's estimates of the range of returns for the applicable capital markets over the periods analyzed. See Notes on Wealth Forecasting System at the end of this presentation for further details. **Data do not represent past performance and are not a promise of actual future results or a range of future results**.

Charitable Remainder Trusts: Back in the High Life

TAXABLE SALE

zero basis

Effective Federal Rate
$5 Mil. Gain: 23.1%
$10 Mil. Gain: 23.4%



Tier: *Character of Income*
1(a): *Ordinary*
1(b): *Qualified Dividend*
2(a): *Short-Term Gain*
2(b): *Long-Term Gain*
3: *Tax-Exempt*
4: *Basis*

Long-Term Rate	Joint
0%	$0-$73,800
15%	$73,801-**$250,000 AGI**
18.8%	**$250,001 AGI** -$457,600
23.8%	$457,601+

Effective Federal Rate

13.5%

15.9% = $36,070 tax savings/year

Tax Basis Management: Grantor Trust Swapping? Discount or No?

“Step-Up” Important | Higher Valuation

Asset Type

Creator-Owned Copyrights, Trademarks, Patents & Artwork

“Negative Basis” Commercial Real Property LPs

Artwork, Gold & Other “Collectibles”

Low Basis Stock

Roth IRA Assets

High Basis Stock

Qualified Small Business Stock (QSBS)

Fixed Income

Cash

Passive Foreign Investment Company (PFIC) Shares

Stock at Loss

Variable Annuities

Traditional IRA & Qualified Plan Assets

“Step-Up” Not Important | Lower Valuation

Maximizing the "Step-Up" & Minimizing Estate Tax: Debt

FMV = $10 Mil.

Basis = $0

Gross Estate
§ 2031 = $10 Mil.

Taxable Estate
§ 2051 = $10 Mil.

"Step-Up" in Basis
§ 1014(a) = $10 Mil.

Debt = $9 Mil.
(Cash)

Gross Estate
§ 2031 = $10 Mil.

Indebtedness
§ 2053(a)(4) = ($9 Mil.)

Taxable Estate
§ 2051 = $1 Mil.

"Step-Up" in Basis
§ 1014(a) = $10 Mil.

"Zeroed-Out" Transfers
"Swap" for Appreciated Pty.

Tax Brain Teaser

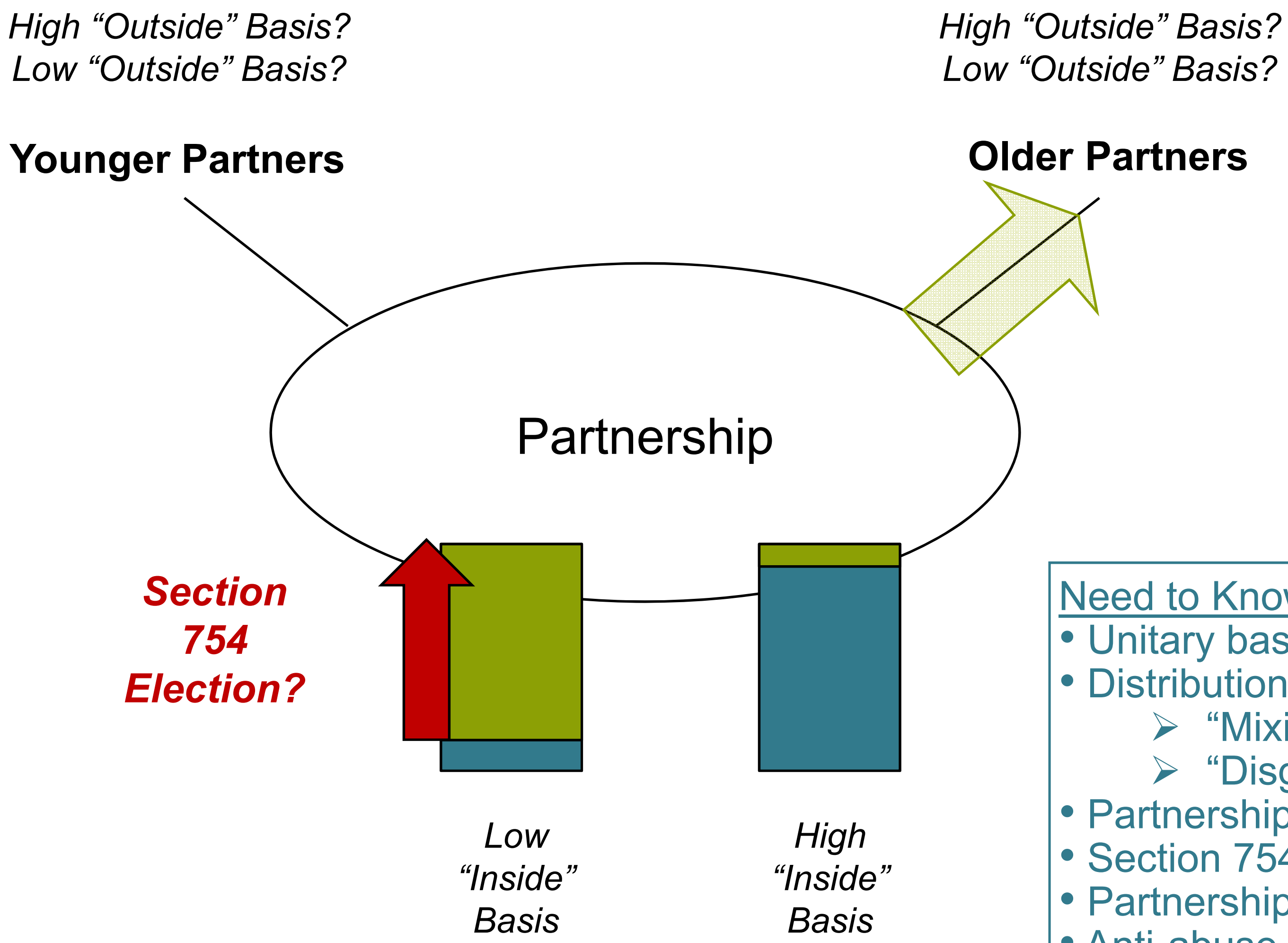
How do you change the tax basis

of a non-depreciable asset

without death or a taxable event?

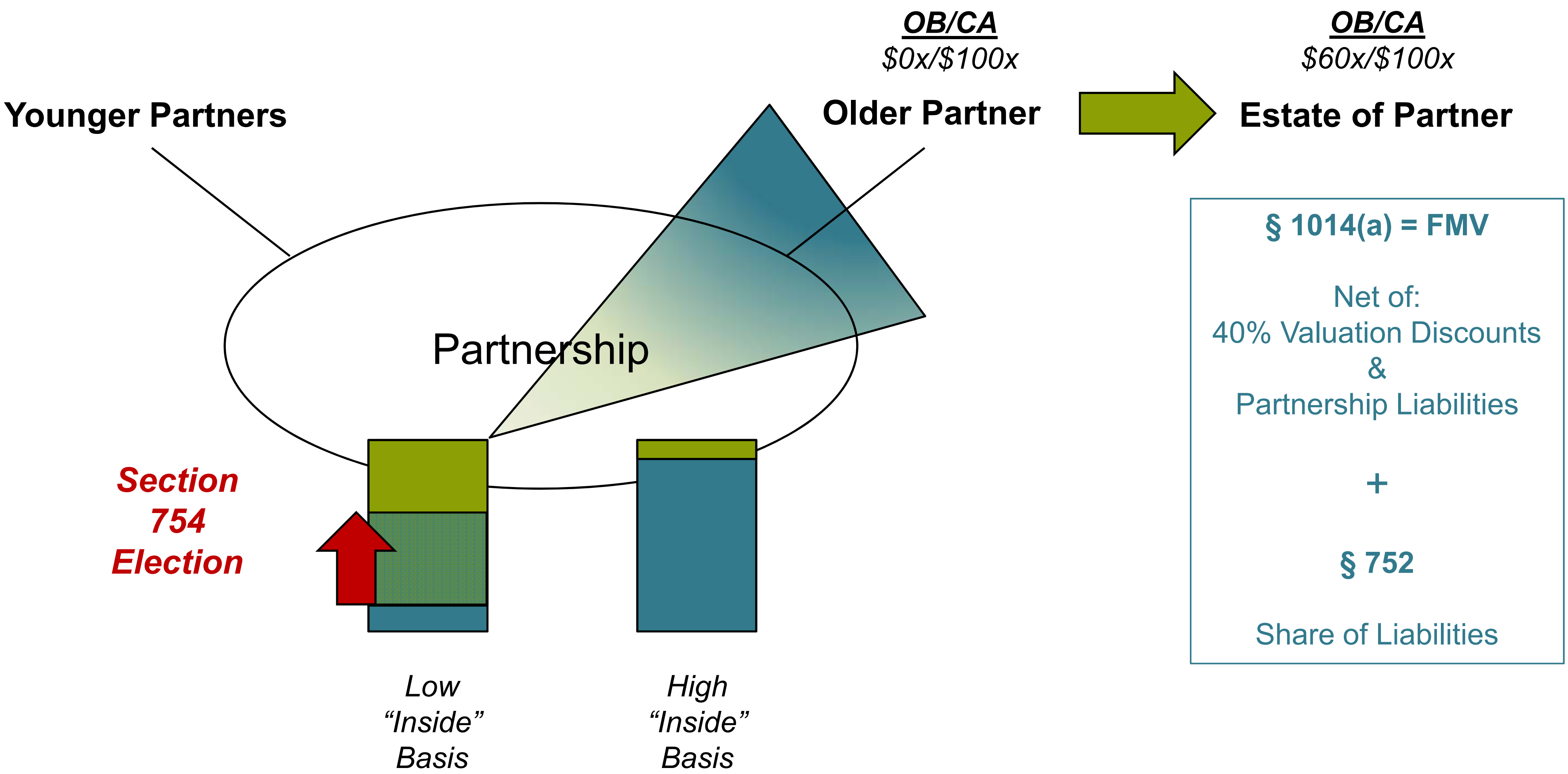
PARTNERSHIPS

Importance of Partnerships in Proactive Tax Basis Management

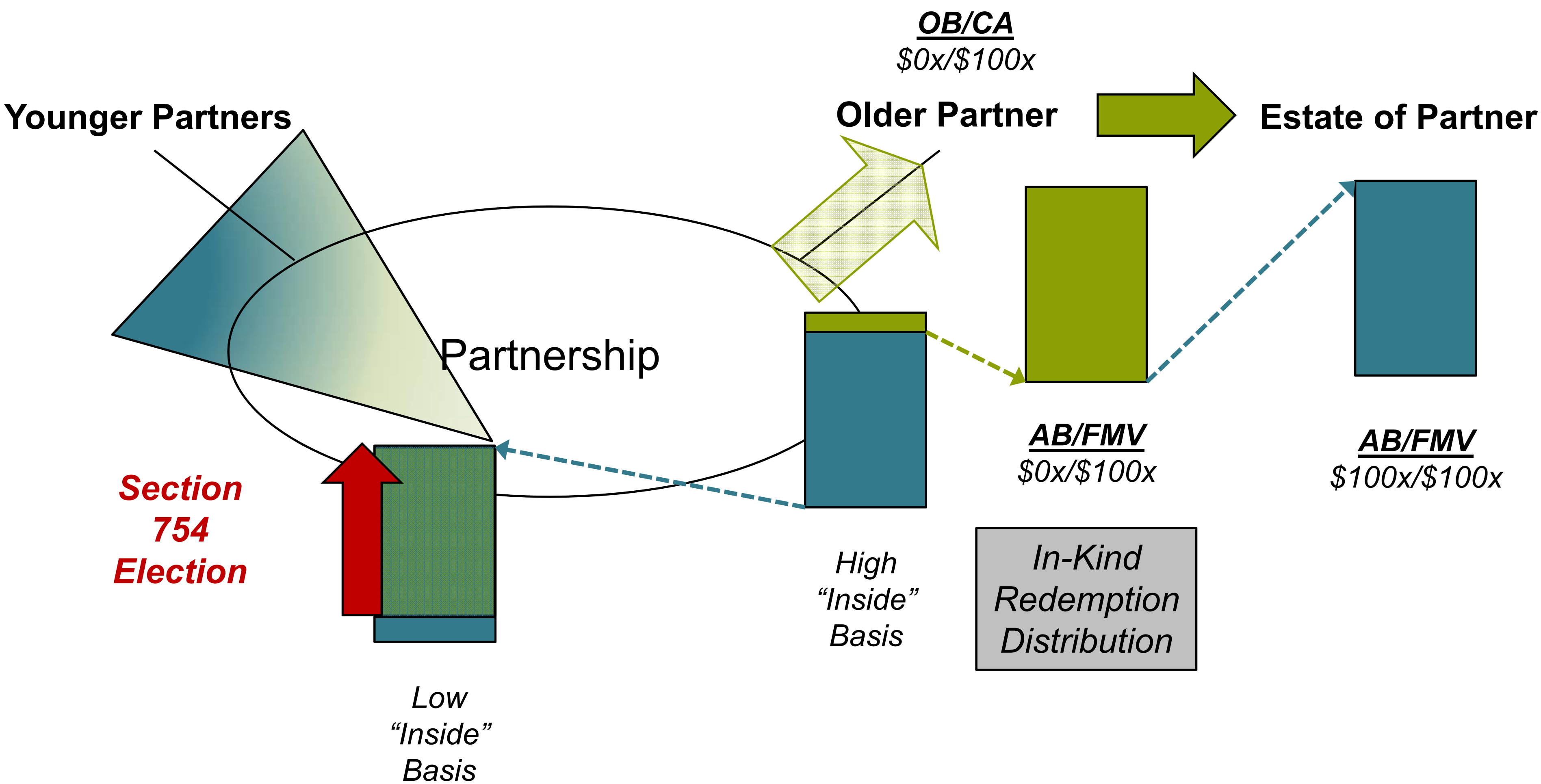


<u>Need to Know from Subchapter K:</u>
- Unitary basis rules
- Distributions of partnership property
  - “Mixing bowl” transactions
  - “Disguised sale” rules
- Partnership debt rules and outside basis
- Section 754 and inside basis adjustments
- Partnership divisions
- Anti-abuse rules

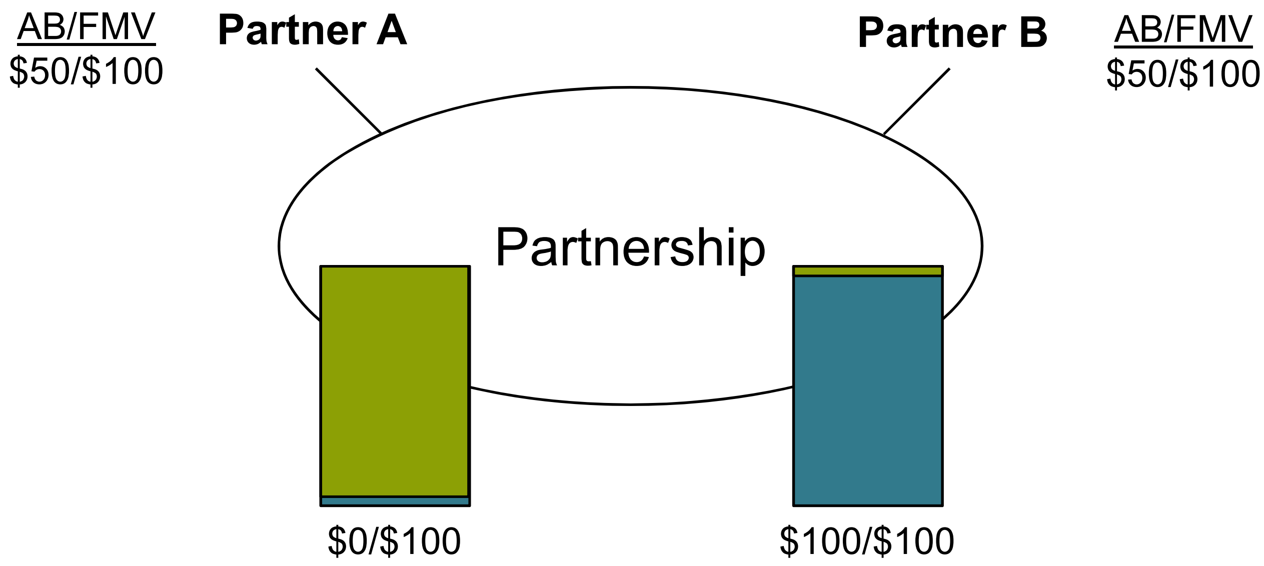
Limits of 754 Election and Basis Adjustment at Death under Section 743



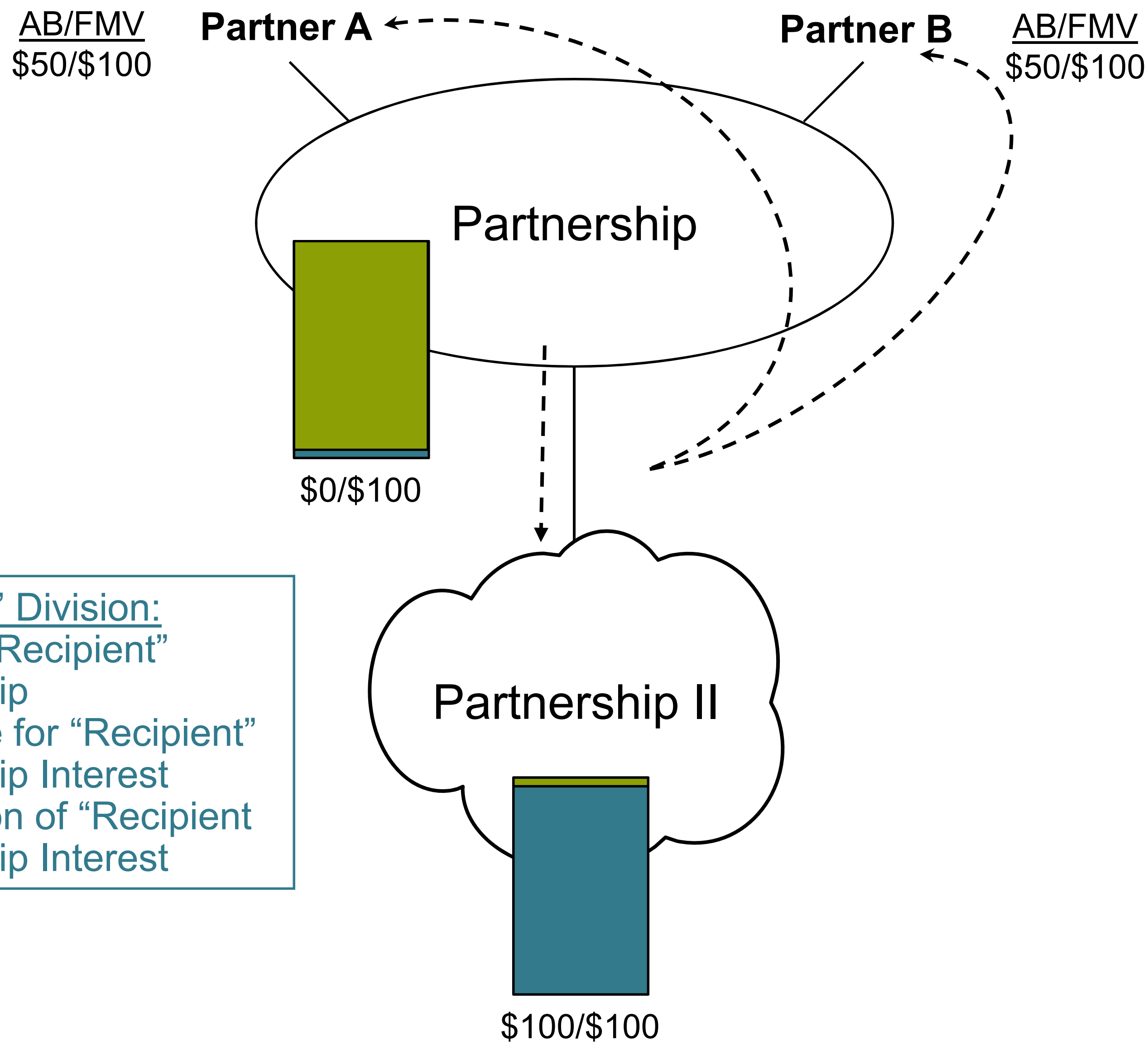
Maximizing "Step-Up" and Moving Tax Basis under Section 734



Unitary Basis Rules Work Against Efficient Tax Basis Management

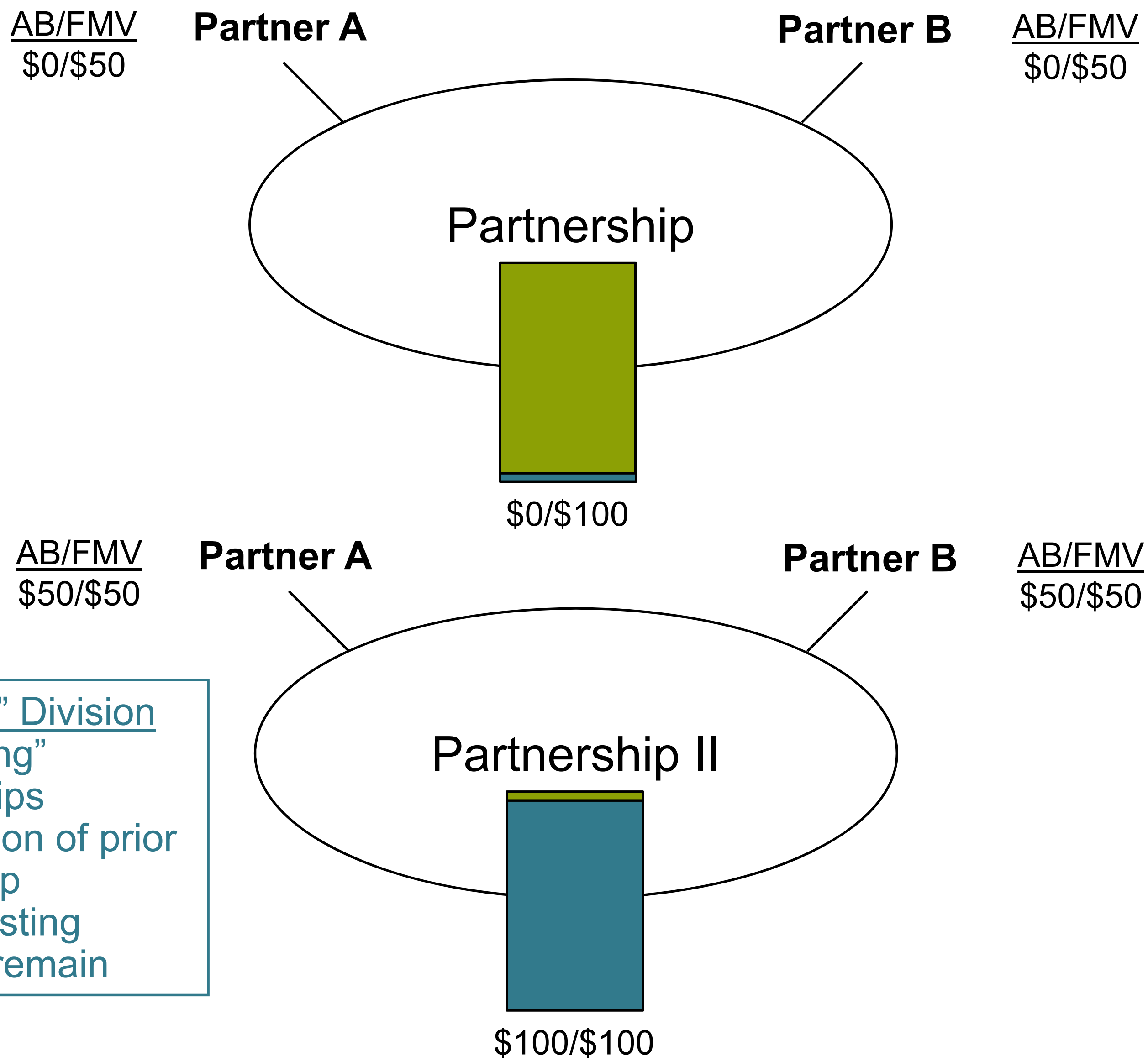


Partnership Division Can Solve Unitary Basis Problem



“Assets-Over” Division:
1. Asset to “Recipient” Partnership
2. Exchange for “Recipient” Partnership Interest
3. Distribution of “Recipient Partnership Interest

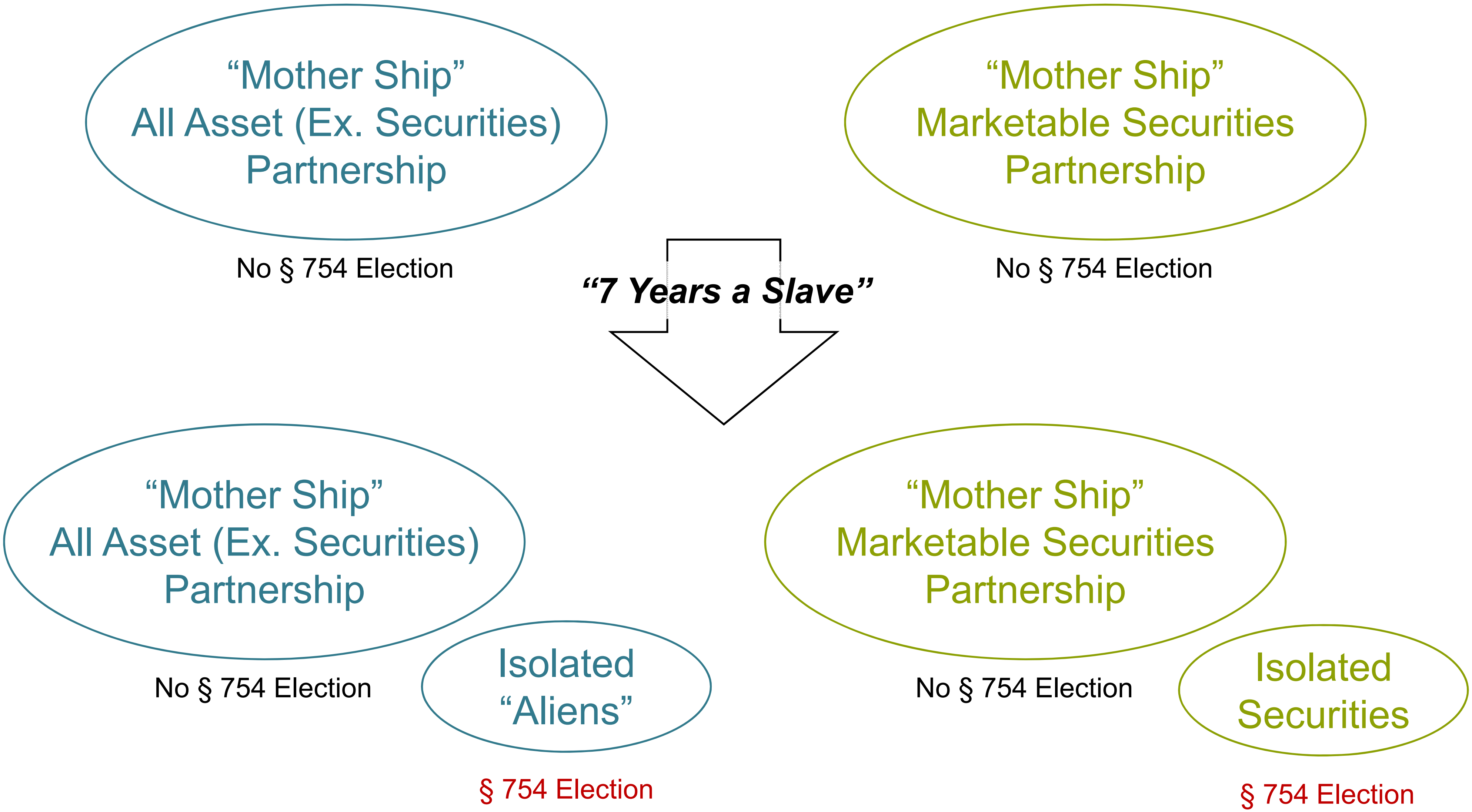
Partnership Divisions Can Create High & Low Outside Basis Assets



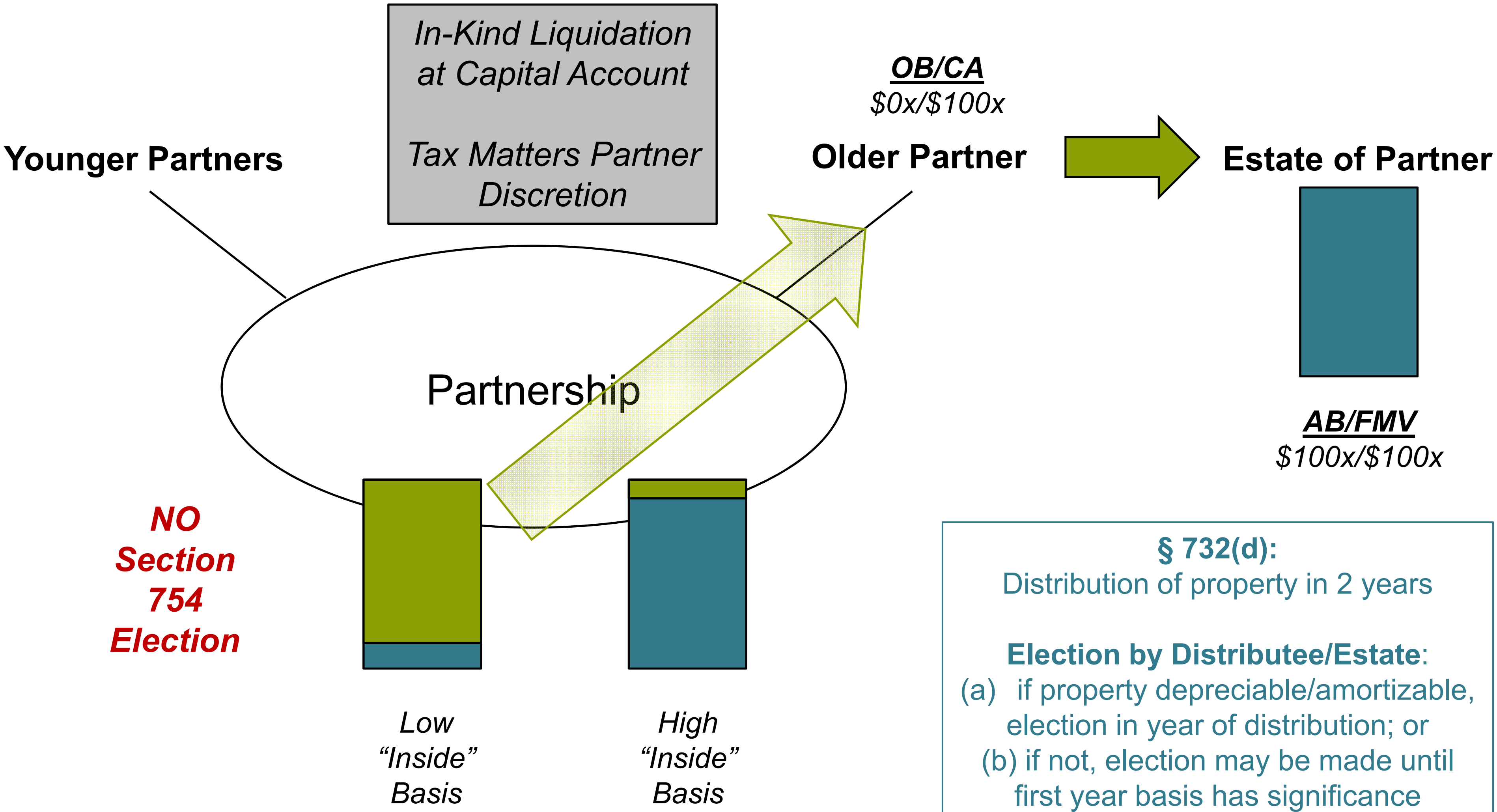
"Vertical Slice" Division

1. 2 "Resulting" Partnerships
2. Continuation of prior partnership
3. All pre-existing elections remain

Two Theories of FLP Evolution: Ancient Alien Theory



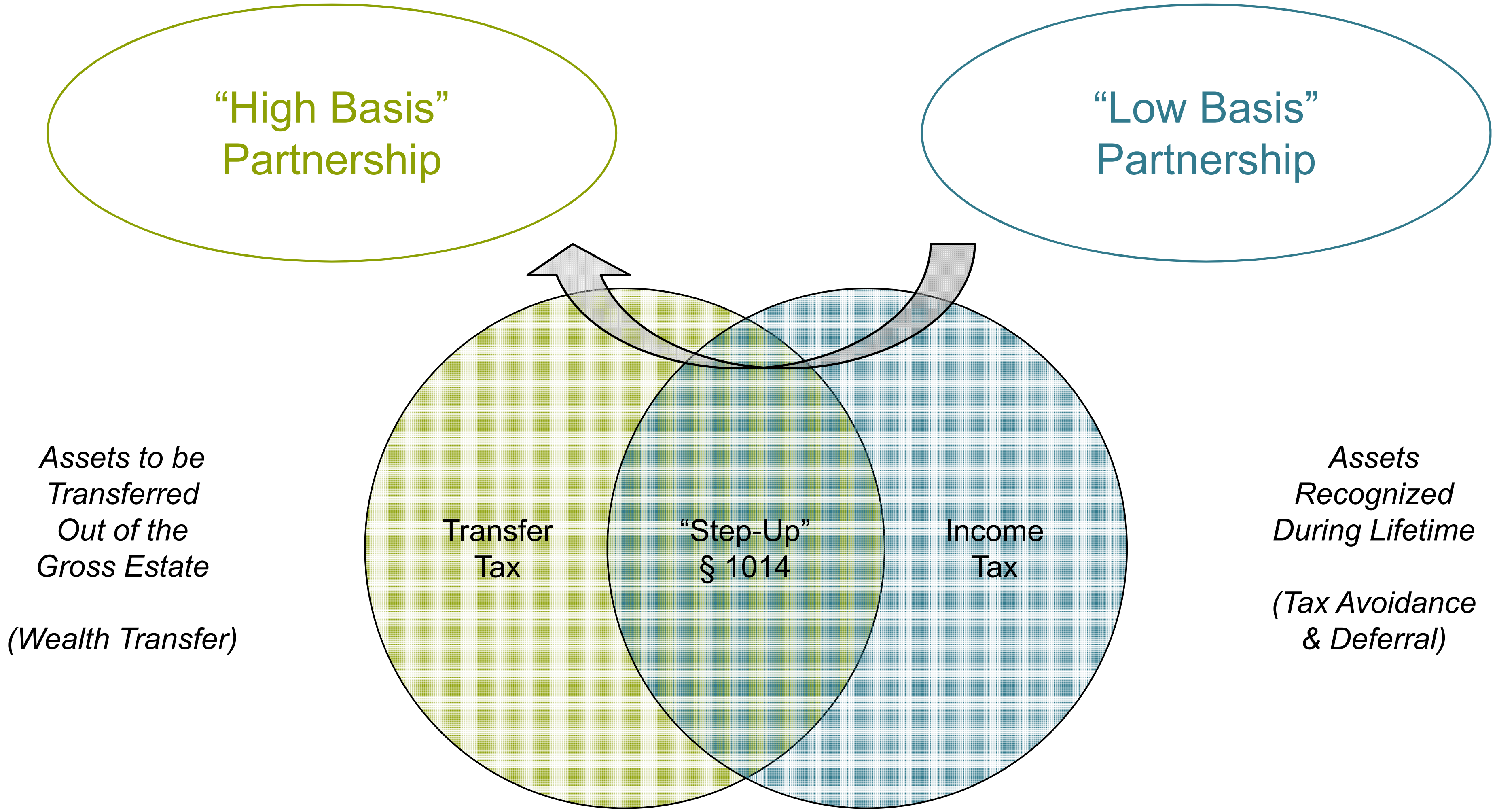
Section 732(d) Election: Solution to Section 743 Limitations?



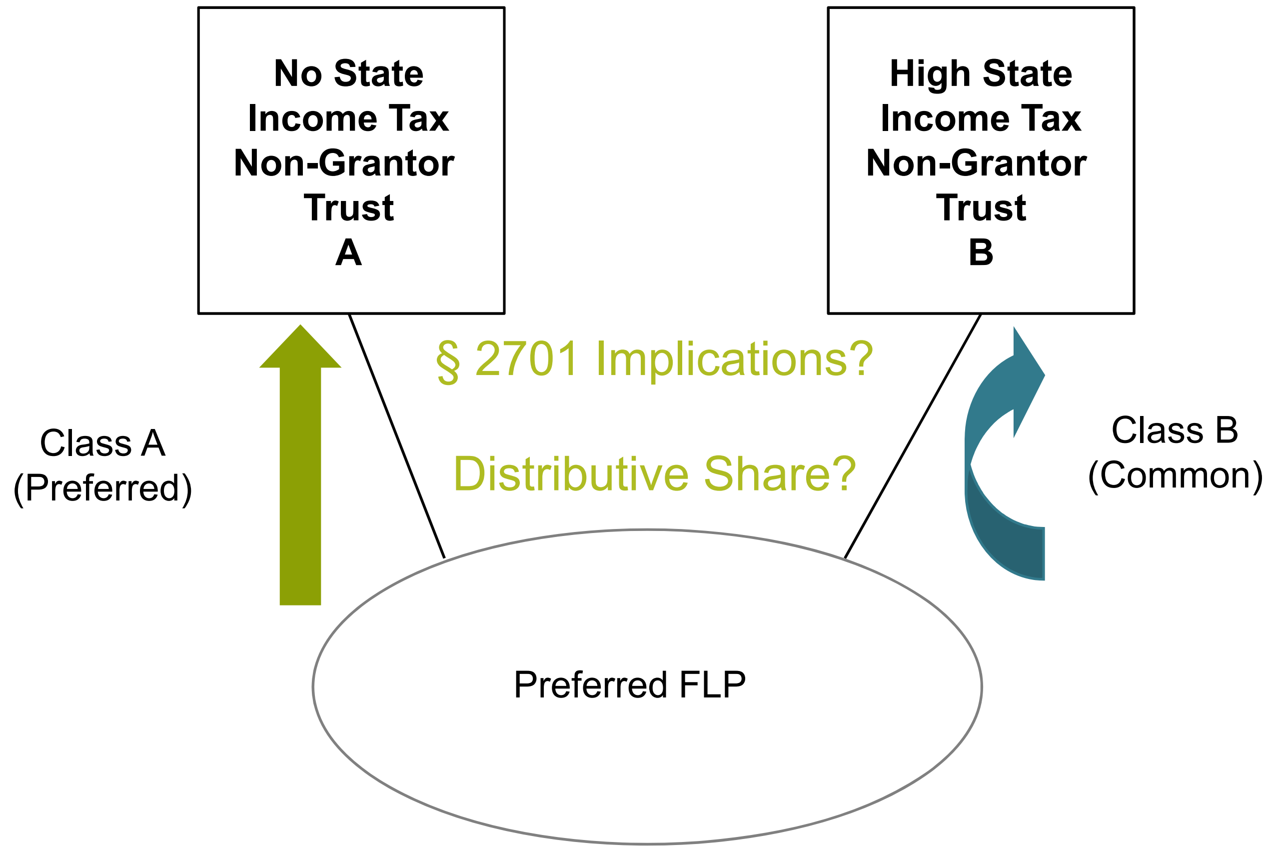
§ 732(d):
Distribution of property in 2 years

Election by Distributee/Estate:
(a) if property depreciable/amortizable, election in year of distribution; or
(b) if not, election may be made until first year basis has significance

Two Theories of FLP Evolution: Creationism



Trust to Trust Preferred



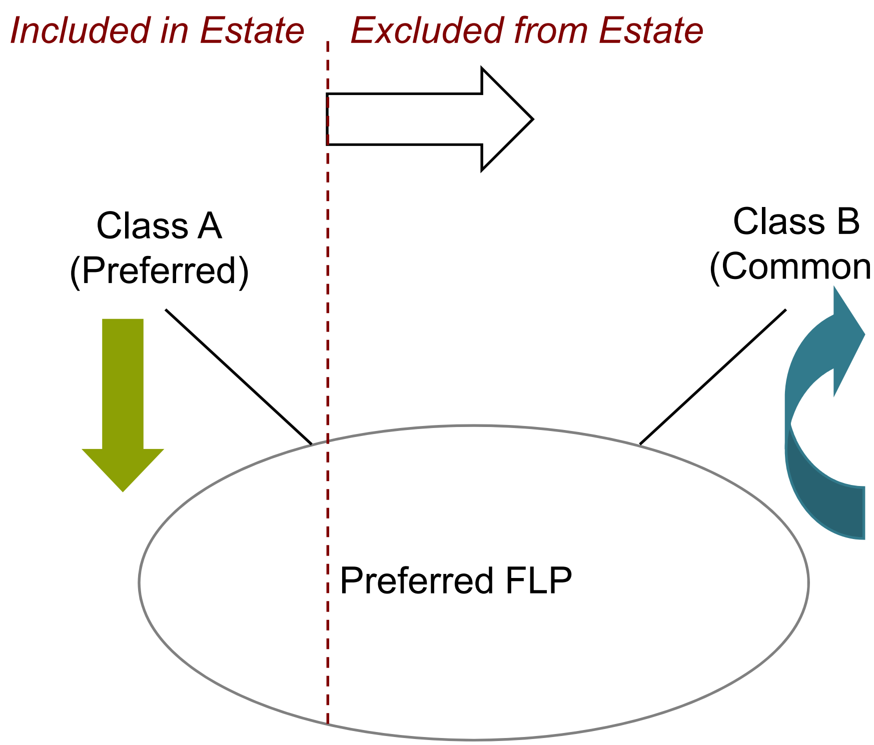
Assets of Trusts A and Trust B

Uncommonly Perfect Use of Applicable Exclusion Amount

Estate Tax

Gift Tax

<u>Qualified Preferred Interest</u>
Fair Market Value
(Liquidated at Death?)
(Cost-of-Living Liquidation Value?)



<u>Common Interest</u>
Family Interests
less
Qualified Interest
less
Discounts

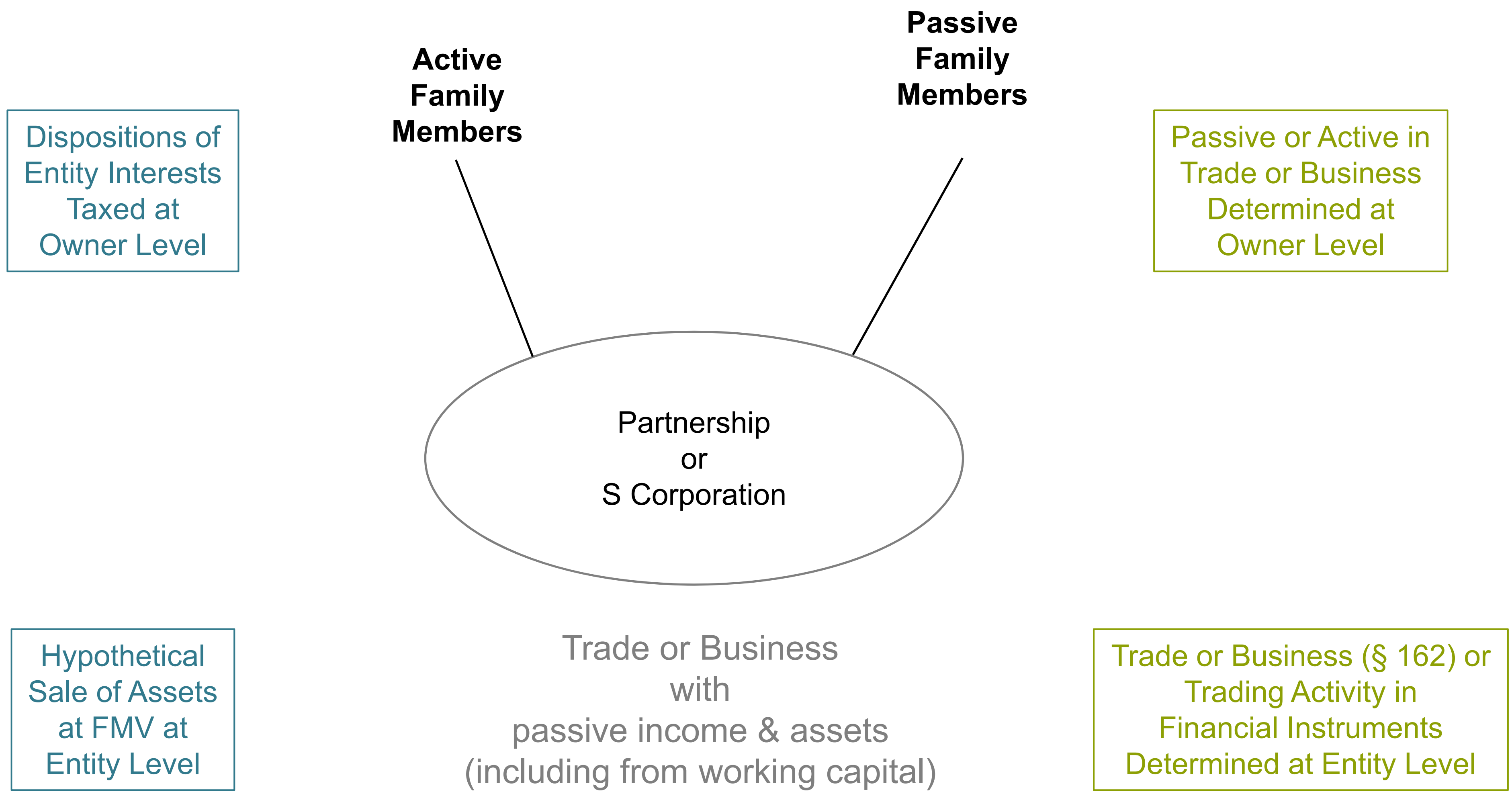
<u>Non-Qualified Preferred Interest</u>
Fair Market Value (Liquidated?)
less
Treas. Reg. § 25.2701-5(a)(3) Adjustment

<u>Common Interest</u>
Family Interests
less
Zero

Knights Who Say NIIT Demand a Sacrifice : How Do You Spell NII?

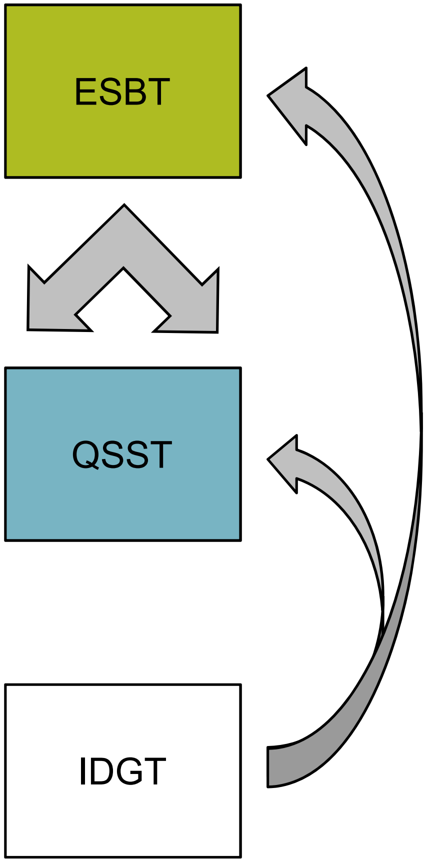
- Category 1: income not derived in ordinary course of business
  - Interest, dividends, rents, royalties, and annuities
  - Includes such income from working capital of a trade or business
  - Includes such income from a pass-through entity, as allocated to the taxpayer
  - Does not include “self-charged” income (interest/rents) to an active business
- Category 2: other gross income derived from a trade or business that is a:
  - Passive activity, or
  - Trading in a financial instrument or commodity
- Category 3: net gains from the disposition of property
  - Other than property held in an active trade or business or trading business
  - Includes sales of interests in pass-through entities

Pass-Through Entities: Disparate Treatment & Complexity



S Corporation Trusts: ESBTs, QSSTs & Grantor Trusts

- Electing Small Business Trusts (ESBTs):
  - NIIT and dispositions of S corp. stock determined at trust level
  - Treated as two separate trusts for income tax purposes
  - Treated as a single trust for NIIT purposes
- Qualified Subchapter S Trusts (QSSTs)
  - NIIT determined at beneficiary level
  - Dispositions of S Corp. stock determined at trust level (e.g., trustee material participation)
- Grantor Trusts
  - Grantor is the deemed owner for NIIT purposes
  - Turning off grantor trust status to QSST or ESBT



Material Participation of Non-Grantor Trusts

- Consequences of Passive or Non-Passive status
  - Distributed non-passive income retains character as non-NII (exempt)
  - Regular Tax: suspended PALs allowed if activity generates non-passive income in current or future years
  - NIIT: suspended PALs are NOT allowed if activity generates non-passive income current or future years.
  - Activity becomes a “former passive activity” under § 469(f)
- Case Law & Rulings:
  - S. Rept. No. 99-313 (1986), 1986-3 C.B. (Vol. 3) 1, 735
  - *Mattie K. Carter Trust v. U.S.*, 256 F. Supp.2d 536 (N.D. Tex. 2003)
  - TAM 200733023
  - PLR 201029014
  - TAM 201317010
  - *Frank Aragona Trust v. Commissioner*, 142 T.C. No. 9 (2014)

Appendix

Notes on State Income and State Death Taxes (As of December 31, 2013)

State	State Income Tax[1]	Top State Death Tax Rate[2]	2013 State Death Tax Threshold[2]
Alabama	5.00%	No state death tax	
Alaska	0.00%	No state death tax	
Arizona	4.54%	No state death tax	
Arkansas[3]	4.90%	No state death tax	
California	13.30%	No state death tax	
Colorado	4.63%	No state death tax	
Connecticut (Estate & Gift Tax)	6.70%	12% (Estate & Gift Tax)	$2,000,000 (Estate & Gift Tax)
Delaware	6.75%	16.00%	$5,250,000 (Indexed for Inflation)
District of Columbia	8.95%	16.00%	$1,000,000
Florida	0.00%	No state death tax	
Georgia	6.00%	No state death tax	
Hawaii	11.00%	16.00%	$5,250,000 (indexed for inflation)
Idaho	7.40%	No state death tax	
Illinois	5.00%	15.70%	$4,000,000
Indiana	3.40%	No state death tax	Inheritance tax repealed in 2013
Iowa (Inheritance Tax)	8.98%	Inheritance Tax - No tax on lineal heirs	
Kansas	4.90%	No state death tax	
Kentucky (Inheritance Tax)	6.00%	Inheritance Tax - No tax on lineal heirs	
Louisiana	6.00%	No state death tax	
Maine	7.95%	12.00%	$2,000,000
Maryland (Estate & Inheritance Tax)	5.75%	16.00%	$1,000,000; Inheritance Tax - No tax on lineal heirs
Massachusetts	5.25%	16.00%	$1,000,000
Michigan	4.25%	No state death tax	
Minnesota (Estate & Gift Tax)	9.85%	16% (Estate Tax); 10% (Gift Tax)	$1,000,000 (Estate Tax); $1,000,000 (Gift Tax)
Mississippi	5.00%	No state death tax	
Missouri	6.00%	No state death tax	
Montana[4]	4.90%	No state death tax	
Nebraska (County Inheritance Tax)	6.84%	1.00%	County inheritance tax
Nevada	0.00%	No state death tax	
New Hampshire[8]	0.00%	No state death tax	

State	State Income Tax[1]	Top State Death Tax Rate[2]	2013 State Death Tax Threshold[2]
New Jersey (Estate & Inheritance Tax)	8.97%	16.00%	$675,000; Inheritance Tax - No tax on lineal heirs
New Mexico[5]	2.45%	No state death tax	
New York	8.82%	16.00%	$1,000,000
New York City	12.70%	16.00%	$1,000,000
North Carolina	7.75% (5.8% in 2014)	No state death tax	Repealed 7/23/13 (Effective 1/1/13)
North Dakota[3]	2.79%	No state death tax	
Ohio	5.93%	No state death tax	
Oklahoma	5.25%	No state death tax	
Oregon	9.90%	16.00%	$1,000,000
Pennsylvania (Inheritance Tax)	3.07%	4.50%	$3,500 (family exemption amount, may not apply in all circumstances)
Rhode Island	5.99%	16.00%	$910,725
South Carolina[6]	3.92%	No state death tax	
South Dakota	0.00%	No state death tax	
Tennessee[7] (Inheritance Tax)	6% tax on dividends & interest.	9.50%	Inheritance Tax - Top rate for lineal heirs is 9.5%-exemption $1.25 million (for 2013 deaths); increases to $2 million for 2014 deaths, $5 million for 2015 deaths, and is eliminated beginning in 2016 Tenn. Code Ann. § 67-8-316 (b) (2011), as amended by Tenn. Pub. Act ch. 1057.
Texas	0.00%	0.00%	No state death tax
Utah	5.00%	0.00%	No state death tax
Vermont[9]	8.95%	16.00%	$2,750,000
Virginia	5.75%	0.00%	No state death tax
Washington	0.00%	20.00%	$2,000,000 (indexed against the consumer price index for the Seattle-Tacoma-Bremerton metropolitan area) as of 1/1/2014
West Virginia	6.50%	0.00%	No state death tax
Wisconsin[3]	5.43%	0.00%	No state death tax
Wyoming	0.00%	0.00%	No state death tax

Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Blended state and federal capital gains rate, assumes client is in AMT and state income tax deduction is not available.

[1]Source: TaxFoundation.org

[2]Source: Survey of State Estate, Inheritance, and Gift Taxes (Updated: December 2012); Research Department Minnesota House of Representatives (Joel Michael, Legislative Analyst).

[3]Tax payers may exclude 30% of net long-term capital gain for state taxes, tax rate displayed is 70% of the state income tax rate.

[4]Taxpayers can claim a capital gains tax credit against their Montana income tax up to 2% of their net capital gain; tax rate displayed is net of credit.

[5]Taxpayers may deduct $1,000, or 50% of your net capital gains, whichever is greater; tax rate displayed is net of 50% deduction.

[6]Net capital gains which have been held for a period of more than one year and have been included in South Carolina taxable income are reduced by 44% for South Carolina income tax purposes.

[7]6% of state income tax on dividends & interest only.

[8]5% tax on interest and dividends only.

[9]A flat exclusion is allowed for capital gains held longer than 3 years equal to the lesser of $5,000 or 40% of Federal taxable income.

Some Assets Benefit from a “Step-Up,” Some Do Not

Asset Type	Comments
Creator-Owned Copyrights, Trademarks, Patents and Artwork	During the life of the creator of intellectual property and artwork, the creator has a zero basis in the asset, and all payments, whether from a sale of the asset or from the licensing of the property are considered ordinary income. On the death of the creator, the property is included in the estate and receives a step-up in basis to fair market value. The beneficiaries receive the asset immediately as a long-term capital gain asset. The foregoing does not apply to patents that qualify for and are sold under Section 1235 of the Internal Revenue of 1986, as amended, which qualify for long-term capital gain tax treatment.
“Negative Basis” Commercial Real Property LP or LLC Interests	Owners of partnership interests with “negative basis” would recognize long-term capital gain and ordinary income upon a taxable transaction due to accelerated depreciation and a reduction of the partner’s share of debt. Upon death, the “negative basis” is eliminated because the partnership interests and the underlying property receive a step-up in basis (with a partnership election).
Artwork, Gold and Other “Collectibles”	Artwork and gold (including Gold ETF investments) are considered “collectibles” under the Code, and they are subject to a 28% long-term capital gain tax rate. Gains are also subject to the Medicare surcharge.
Low-Basis Stock	Capital asset subject to a 20% long-term capital gain tax rate and the Medicare surcharge. The step-up in basis eliminates the gain.
Roth IRA Assets	With a Roth IRA, the ordinary income tax of a traditional IRA has essentially been prepaid. Because the assets in a Roth IRA will grow income tax free, will be distributed tax free to the beneficiaries, and will not be subject to the Medicare surcharge, this is one of the better things to pass through the estate. Like other IRA and qualified plan assets, during life the owner is unable to gift the assets to non-charitable beneficiaries. As such, these assets are often includable in the estate of the decedent owner.
High-Basis Stock	Capital asset subject to a 20% long-term capital gain tax rate and the Medicare surcharge. Because the tax basis is high, very little gain is eliminated by the step-up in basis.
Fixed Income	Most fixed income investments are purchased at or near par and have very little appreciation potential above its basis. As such, very little gain is eliminated by the step-up in basis. A couple of exceptions to this rule include bonds purchased at a deep discount (e.g., ABRA-S) and long-duration bonds in a falling interest rate environment.
Cash	Basis of cash is always equal to its fair market value (face value).
Stocks at a Loss	Death constitutes a “step-down” in basis. The capital loss that the decedent could have recognized prior to death is eliminated and does not pass to the beneficiaries.
Variable Annuities	Payments are taxable as ordinary income and return of basis. The ordinary income portion is considered income-in-respect of a decedent (IRD). As such, on death, the beneficiaries continue to recognize the ordinary income portion of the payments, and there is no benefit to the step-up in basis.
Traditional IRA and Qualified Plan Assets	All assets in traditional IRAs and in qualified plans are considered 100% IRD (other than non-deductible contributions to IRAs). As such, there is no benefit to the step-up in basis at the death of the owner, and the beneficiaries continue to be subject to ordinary income (but not the Medicare surcharge) on any distributions. Because these assets cannot be gifted during life to non-charitable beneficiaries, these assets are problematic in that they often use up the decedent’s applicable exclusion amount for estate tax purposes (unless passed to a spouse or charity). Any benefit from the IRD income tax deduction has been reduced because the transfer tax rate is lower (40%).

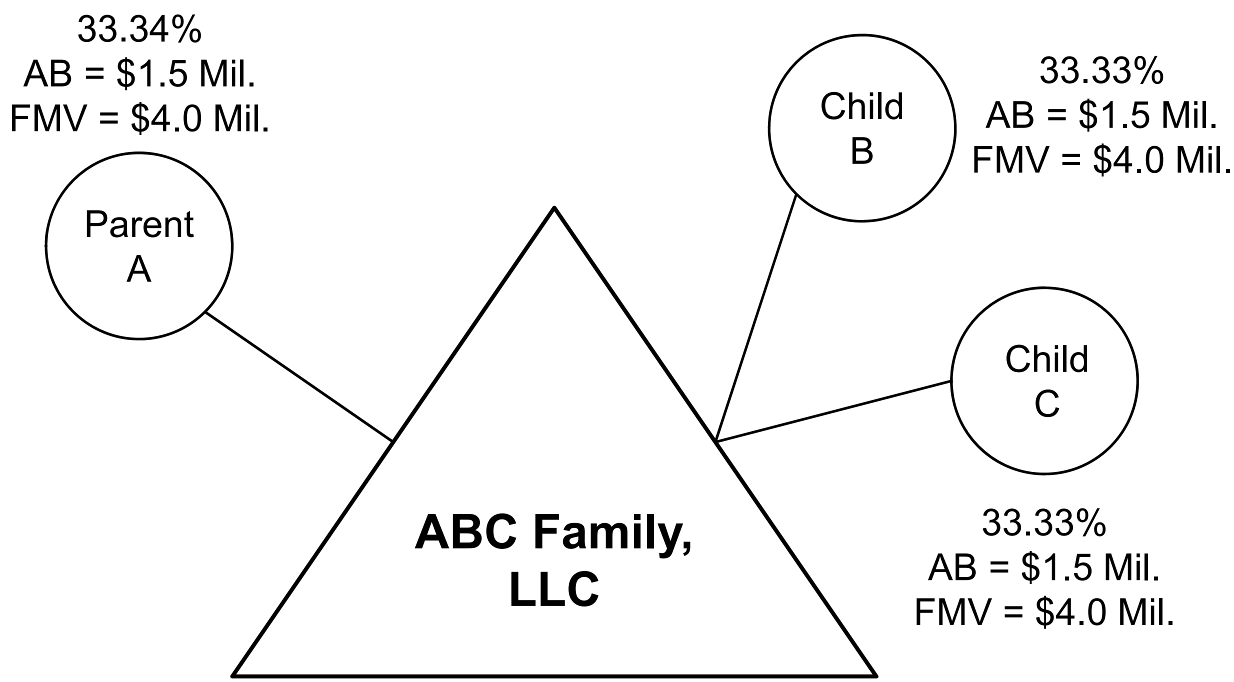
2014 Tax Law: Key Income Tax Changes for Individuals

PROVISION	2012	2013	COMMENTS
Top Ordinary Income Tax Rates	35% unearned income 36.45% earned income	43.4% unearned income (39.6% + 3.8%) 41.95% earned income (39.6% + 2.35%)	39.6%: Taxable income of $400,000/$450,000 (single/joint) Medicare NII and HI tax: AGI above $200,000/$250,000
Top Capital Gains Rates	15% long-term 35% short-term	20% long-term (23.8% with Medicare surtax) 39.6% short-term (43.4% with Medicare surtax)	20% long-term: Above $400,000/$450,000 (taxable income) 15% long-term: Above $36,250/$72,500 up to $400,000/$450,000
Top Qualified Dividend Rates	15%	20% (23.8% with Medicare surtax) 15% (18.8% with Medicare surtax)	20%: Above $400,000/$450,000 (taxable income) 15%: At or above $36,250/$72,500
Medicare Surtax on Net Investment Income	N/A	3.8% Lesser of: (i) “Net Investment Income” or (ii) amount that AGI exceeds $200,000/$250,000	Includes capital gains, dividends, interest, royalties and rents Does NOT include income from municipal bonds, IRAs, qualified plans, sale of homes (up to the exclusion amount), and active/operating companies
Itemized Deduction Limitation	No limitations on itemized deductions	Deductions limited with AGI above $250,000/$300,000 (indexed for inflation) Lesser of: (i) 3% of amount in excess of the AGI threshold or (ii) 80% of deductions	Deductions limited include mortgage interest, investment interest, investment management fees, state and local taxes, charitable contributions, medical expenses and business expenses Under previous law, phaseout would have started at approximately $175,000 AGI
Personal Exemption Phaseout	No phaseout	Phaseout with AGI above $250,000/$300,000 (indexed for inflation) Exemptions reduced by 2% of the amount in excess of the AGI threshold	Under previous law, phaseout would have started at approximately $175,000 AGI Personal exemptions completely phased out at $372,501/$422,501
AMT Exemption	$50,600/$78,750	$51,900/$80,800 (indexed for inflation)	Permanent fix to the AMT “patches” adopted each year: $33,750/ $45,000
Charitable IRA Rollover	See Comments	Up to $100,000 for individuals 70½ or older	Due to expire 12/31/2013. Retroactively extended for 2012 to include: (i) all direct transfers to charity during December 2012, (ii) all direct transfers to charity made by 1/31/2013, and (iii) IRA distributions taken in December 2012 that are then transferred in cash to charity by 1/31/2013
Social Security Tax	4.2% (Wages up to $110,100)	6.2% (Wages up to $113,700)	Payroll tax cut expired
Roth Conversions for Retirement Plans	N/A	Employer plans can be directly converted	Employer plan must include this option and a sponsored Roth plan.

2013 Tax Law: Key Estate, Gift and GST Tax Changes

PROVISION	2012	2013	COMMENTS
Estate, Gift and GST Tax Applicable Exclusion Amounts	$5.12 million (indexed for inflation)	$5.25 million (indexed for inflation)	"Permanent" provisions that are not due to expire Permanent "reunification" of all three of the wealth transfer taxes (estate, gift and GST) Under previous law, the estate tax exemption was higher ($3.5 mil. in 2009) than the gift tax exemption ($1.0 mil. in 2009) Absent new tax law, exemption amounts would have fallen to $1.0 mil. (estate tax), $1.0 mil. (gift tax) and approx. $1.35 mil. (GST tax) Many states impose a death tax, but the exemptions are far less than the federal exclusion. Thus, estate planning to avoid the state death tax will continue to be a planning option Only CT imposes a gift tax currently. CT provides for a $2.0 mil. exclusion per person
Top Transfer Tax Rate	35%	40%	Absent new tax law, rate would have risen to 55% Administration had proposed 45% in 2012
Annual Gift Tax Exclusion	$13,000 (indexed for inflation)	$14,000 (indexed for inflation)	No change in law. Increase due to inflation
Portability of Deceased Spouse's Unused Exclusion	Portability allowed	Portability made permanent	No change from 2012 except for a technical correction that could have limited portability from previously deceased spouses Many states have not adopted "portability" for state death tax purposes. Thus, equalizing assets among spouses will continue to be important for state death tax purposes
Limits on GRATs	Proposed	NOT enacted	Would have limited ability to "zero-out" and imposed minimum and maximum terms. Could be part of future legislation
Limits on Grantor Trusts	Proposed	NOT enacted	Would have eliminated transfer tax benefits of "intentionally defective" grantor trusts. Could be part of future legislation
Limits on Valuation Discounts	Proposed	NOT enacted	Would have limited valuation discounts on family owned entities. Could be part of future legislation

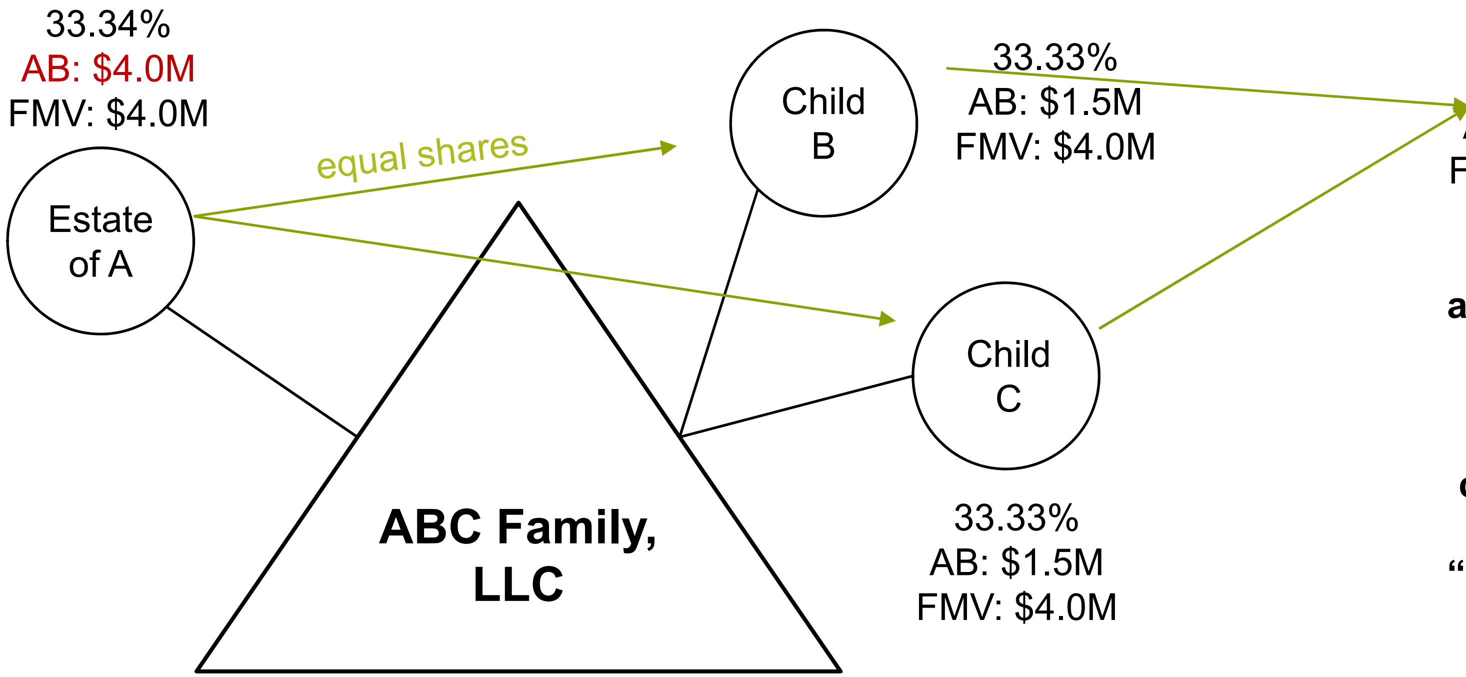
Both Built-In Gain and Built-In Loss Property



	AB	FMV
Parcel 1	$4.0 Mil.	$2.0 Mil.
Parcel 2	$250k	$5.0 Mil.
Parcel 3	$250k	$5.0 Mil.
Totals:	$4.5 Mil.	$12.0 Mil.

Assumptions For Ease of Illustration: (i) Pro Rata Family LLC; (ii) Outside Basis Equals Inside Basis; (iii) No Debt; (iv) No "Mixing Bowl" Issues; and (v) No Discounting.

Traditional Section 754 Election upon A's Death



"Inside" Basis

	AB	FMV
Parcel 1	$4.0 Mil.	$2.0 Mil.
Parcel 2	$250k	$5.0 Mil.
Parcel 3	$250k	$5.0 Mil.
Totals:	$4.5 Mil.	$12.0 Mil.

"Outside" Basis

	AB	FMV
Parcel 1	$3.330 Mil.	$2.0 Mil.
Parcel 2	$1.835 Mil.	$5.0 Mil.
Parcel 3	$1.835 Mil.	$5.0 Mil.
Totals:	$7.0 Mil.	$12.0 Mil.

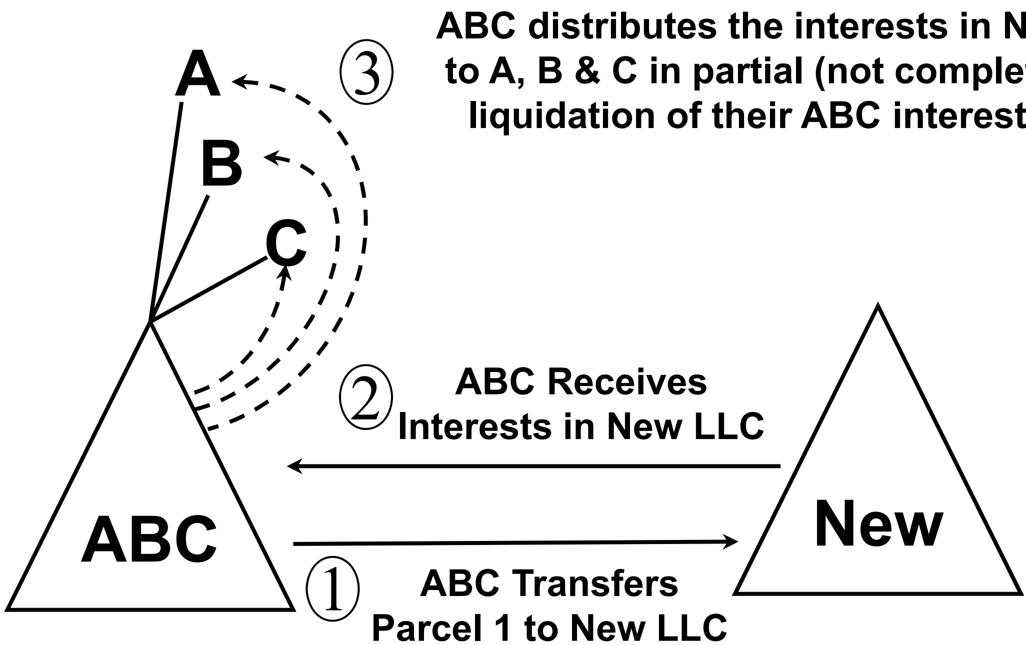
Each Child As Heir

AB = $1.5 + $2.0 = $3.5 Mil.
FMV = $4.0 + $2.0 = $6.0 Mil.

The $2.5M IRC 743(b) adjustment (i.e., the amount of the basis step up in the estate's LLC interest) is personal to the estate/ children (i.e., no change to "inside" basis), but for "outside" basis purposes is allocated across the parcels according to IRC 755. IRC 755 uses a hypothetical sale approach. IRC 755 also contemplates a NET 743(b) adjustment that to the extent possible reduces the discrepancy between basis and FMV.

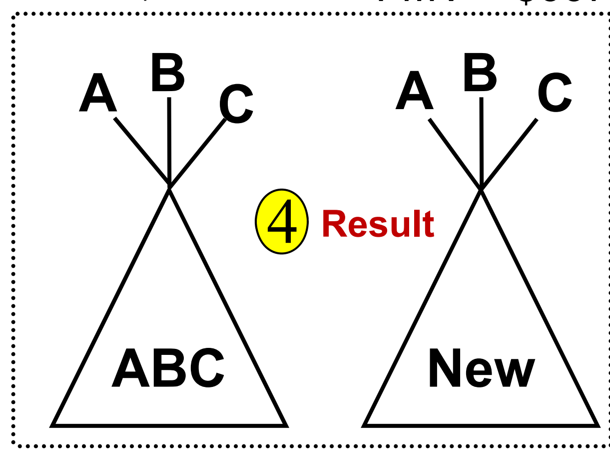
Disadvantages: (i) Unitary Basis to Children; (ii) Outside Basis "Step-Down" With Respect To Parcel 1; and (ii) Unless LLC Liquidates, a Built-In Capital Loss With Respect To Parcel 1 Inside the LLC Even if "Outside" Basis Is Appropriately Adjusted.

Alternative 1: Division to Avoid Section 754 for Loss Property



Each Member of ABC
AB = $167k
FMV = $3.33 Mil

Each Member of New
AB = $1.33M
FMV = $667k



	AB	FMV
Parcel 1	$4.0 Mil.	$2.0 Mil.
Parcel 2	$250k	$5.0 Mil.
Parcel 3	$250k	$5.0 Mil.
Totals:	$4.5 Mil.	$12.0 Mil.

ABC

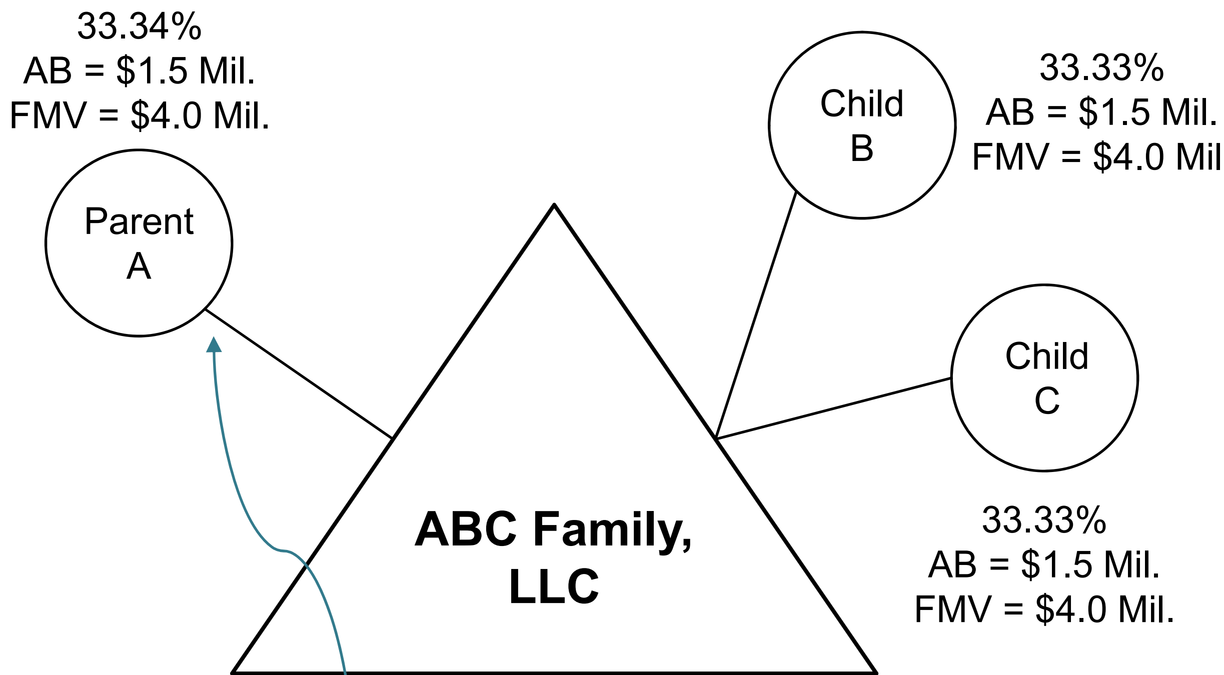
	AB	FMV
Parcel 2	$250k	$5.0 Mil.
Parcel 3	$250k	$5.0 Mil.
Totals:	$500k	$12.0 Mil.

New

	AB	FMV
Parcel 1	$4.0 Mil.	$2.0 Mil.
Totals:	$4.0 Mil.	$2.0 Mil.

Major Problem: Will Not Work Due to IRC 743(b) and (d) Substantial Built-In Loss Rule. Results Are the Same as Previous Slide with No Division and Regular IRC 754 Election.

Alternative 2: Distribution of Built-In Loss Property

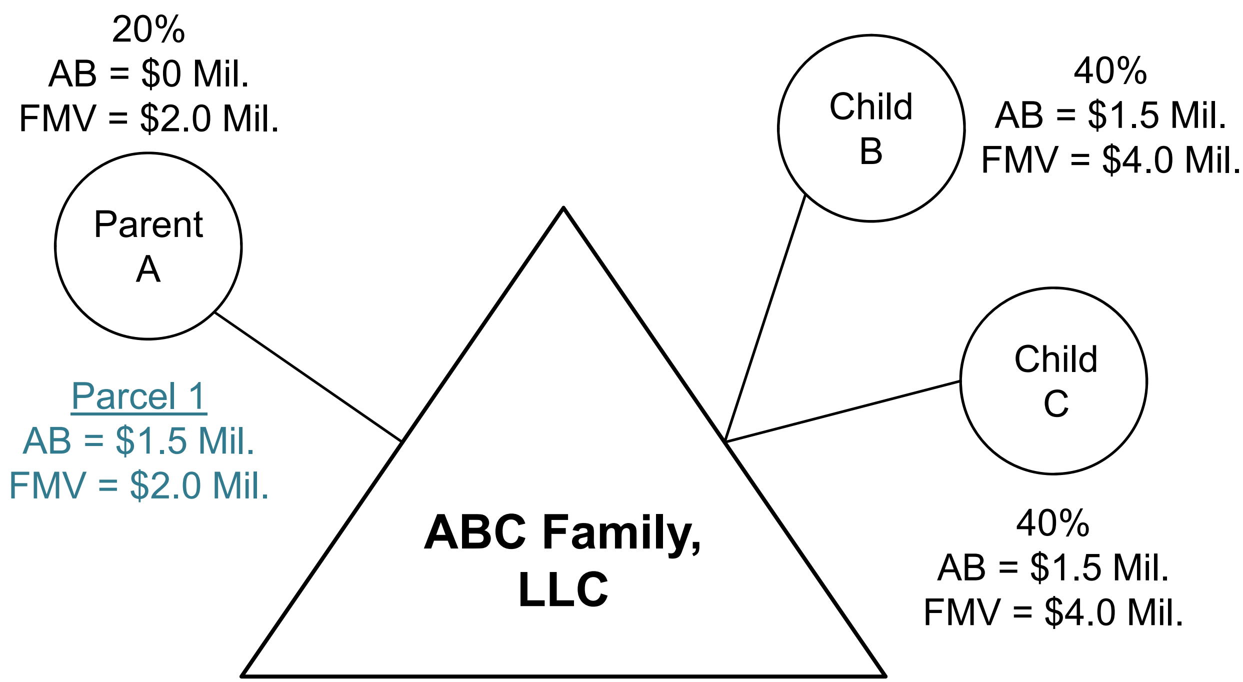


	AB	FMV
Parcel 1	$4.0 Mil.	$2.0 Mil.
Parcel 2	$250k	$5.0 Mil.
Parcel 3	$250k	$5.0 Mil.
Totals:	$4.5 Mil.	$12.0 Mil.

Why Distribute to Parent? Assume (i) Loss Property Has Sentimental Value or Produces Modest Income and Thus Will Not Be Sold and (ii) Loss Property Not Expected to Appreciate Anytime Soon (Or Might Even Continue to Depreciate).

Alternative 2: Distribution of Built-In Loss Property and 754 Election

Under IRC 732(a) the in-kind distribution of Parcel 1 reduces A's basis in his membership interest to $0, and A takes a $1.5M basis in Parcel 1. Next, if an IRC 754 election is made, the $2.5M IRC 734(b) adjustment (i.e., the difference between Parcel 1's "inside" basis and its basis in A's hands) augments the "inside" basis of the undistributed property (Parcels 2 & 3). Under IRC 755, the IRC 734(b) adjustment is allocated according to a hypothetical sale approach, resulting in $1.25M being allocated to each of Parcels 2 & 3. <u>Then, upon A's death, A's estate would benefit from a step-up in basis of both Parcel 1 and A's (the estate's) 20% membership interest</u> in the LLC.

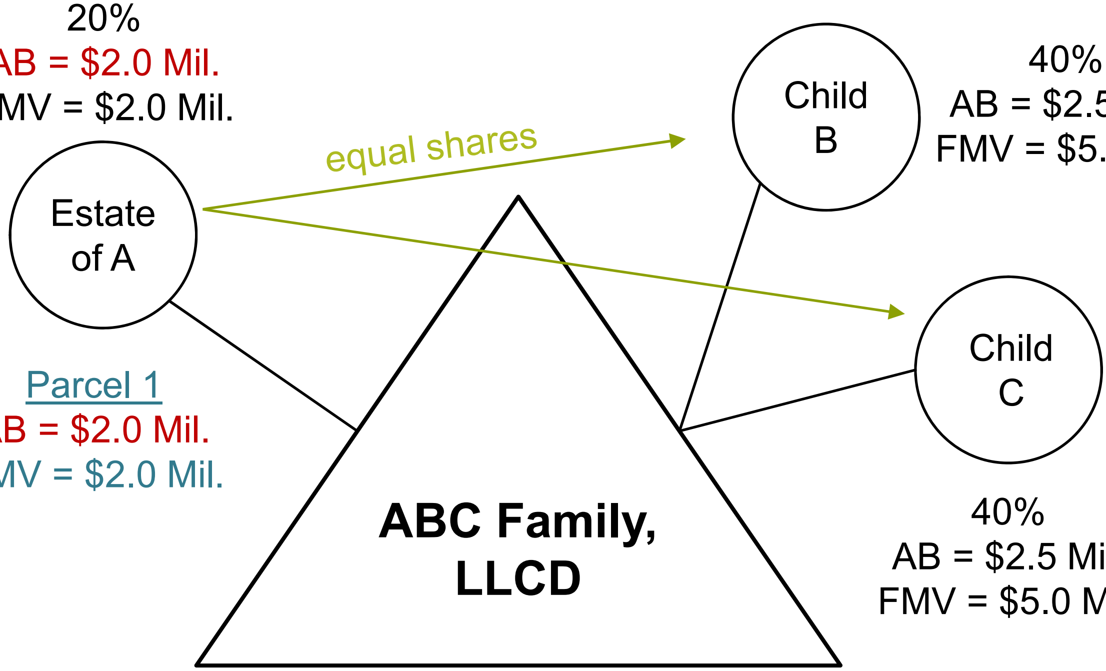


	AB	FMV
Parcel 2	$1.5 Mil.	$5.0 Mil.
Parcel 3	$1.5 Mil.	$5.0 Mil.
Totals:	$3.0 Mil.	$10.0 Mil.

Alternative 2: Step-Up at Death on Parcel 1 and LLC Interest

20%
AB = $2.0 Mil.
FMV = $2.0 Mil.

40%
AB = $2.5 Mil.
FMV = $5.0 Mil.



Parcel 1
AB = $2.0 Mil.
FMV = $2.0 Mil.

40%
AB = $2.5 Mil.
FMV = $5.0 Mil.

"Inside" Basis

	AB	FMV
Parcel 2	$1.5 Mil.	$5.0 Mil.
Parcel 3	$1.5 Mil.	$5.0 Mil.
Totals:	$3.0 Mil.	$10.0 Mil.

"Outside" Basis

	AB	FMV
Parcel 2	$2.5 Mil.	$5.0 Mil.
Parcel 3	$2.5 Mil.	$5.0 Mil.
Totals:	$5.0 Mil.	$10.0 Mil.

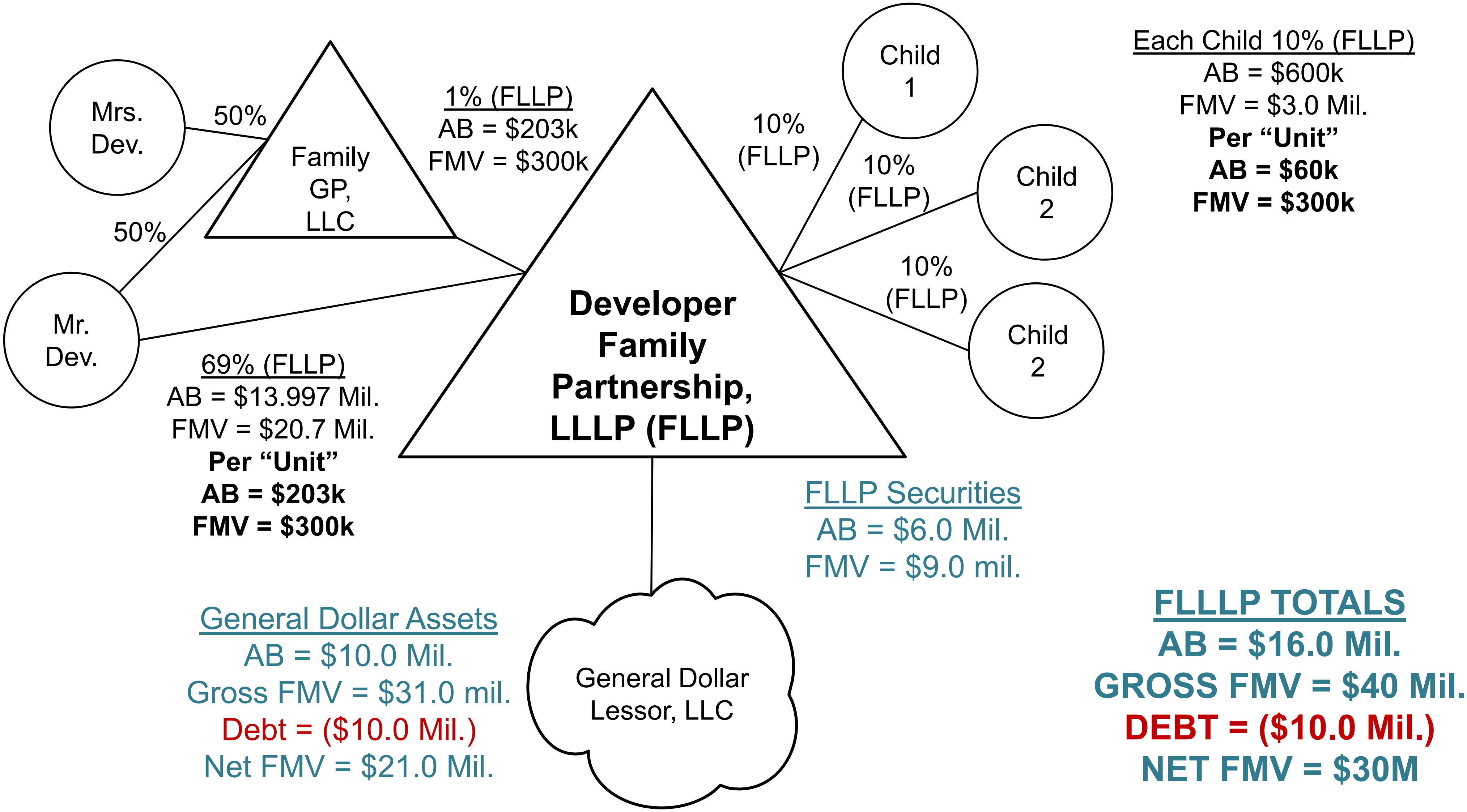
Each Child as Heir
Parcel 1 (One-Half Each)
AB = $1.0 Mil. ($2.0 Mil. Total)
FMV = $1.0 Mil ($2.0 Mil. Total)
No more "trapped" capital loss.

LLC Interests Each
AB = $1.5 + $1.0 = $2.5 Mil.
FMV = $4 + $1.0 = $5 Mil.

The $2M IRC 743(b) adjustment (i.e., the amount of the basis step up in the Estate's LLC interest) is personal to children (i.e., no change to "inside" basis), but for their "outside" basis purposes is allocated across the parcels according to IRC 755 hypothetical sale approach. This reduces the discrepancy between basis outside basis and FMV.

Advantage: When A Dies and Parcel 1 Passes to Children, Basis Equals Value Such That There Is No Trapped Built-In Capital Loss in Parcel 1.

Basis Planning Using Section 752 and/or Partnership Division



Basis Planning Using Section 752 and/or Partnership Division

	Developer (Includes Family GP, LLC)			Children		
Basis Shift Via Sec. 752	**Capital Accts**	**Outside Basis**	**FMV**	**Capital Accts**	**Outside Basis**	**FMV**
Initial Balances	$4,200,000	$14,200,000	$21,000,000	$1,800,000	$1,800,000	$9,000,000
Release Guaranty or Children Indemnify 30% Debt		($3,000,000)			$3,000,000	
TOTALS	$4,200,000	$11,200,000	$21,000,000	$1,800,000	$4,800,000	$9,000,000
P'ship Division--FLLLP	**Capital Accts**	**Outside Basis**	**FMV**	**Capital Accts**	**Outside Basis**	**FMV**
Initial Balances	$4,200,000	$14,200,000	$21,000,000	$1,800,000	$1,800,000	$9,000,000
Spin Out Gen'l Dollar Lessor	$0	($10,000,000)	($14,700,000)	$0	$0	($6,300,000)
TOTALS	$4,200,000	$4,200,000	$6,300,000	$1,800,000	$1,800,000	$2,700,000
General Dollar Lessor, LLC	**Capital Accts**	**Outside Basis**	**FMV**	**Capital Accts**	**Outside Basis**	**FMV**
Initial Balances	$0	$10,000,000	$14,700,000	$0	$0	$6,300,000
Release Guaranty or Children Indemnify 30% Debt		($3,000,000)			$3,000,000	
More? Perhaps OK		($3,300,000)			$3,300,000	
Even More? Abusive?						
TOTALS	$0	$3,700,000	$14,700,000	$0	$6,300,000	$6,300,000

Notes on Wealth Forecasting System

1. Purpose and Description of Wealth Forecasting System

Bernstein's Wealth Forecasting System[SM] is designed to assist investors in making long-term investment decisions regarding their allocation of investments among categories of financial assets. Our new planning tool consists of a four-step process: (1) Client Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long term and how different asset allocations might impact his/her long-term security; (3) The Capital Markets Engine: Our proprietary model, which uses our research and historical data to create a vast range of market returns, takes into account the linkages within and among the capital markets, as well as their unpredictability; and finally (4) A Probability Distribution of Outcomes: Based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles on "box and whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Expected market returns on bonds are derived by taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results or the actual probability that these results will be realized.

2. Rebalancing

Another important planning assumption is how the asset allocation varies over time. We attempt to model how the portfolio would actually be managed. Cash flows and cash generated from portfolio turnover are used to maintain the selected asset allocation between cash, bonds, stocks, REITs and hedge funds over the period of the analysis. Where this is not sufficient, an optimization program is run to trade off the mismatch between the actual allocation and targets against the cost of trading to rebalance. In general, the portfolio allocation will be maintained reasonably close to its target. In addition, in later years, there may be contention between the total relationship's allocation and those of the separate portfolios. For example, suppose an investor (in the top marginal federal tax bracket) begins with an asset mix consisting entirely of municipal bonds in his/her personal portfolio and entirely of stocks in his/her retirement portfolio. If personal assets are spent, the mix between stocks and bonds will be pulled away from targets. We put primary weight on maintaining the overall allocation near target, which may result in an allocation to taxable bonds in the retirement portfolio as the personal assets decrease in value relative to the retirement portfolio's value.

3. Expenses and Spending Plans (Withdrawals)

All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses that will have capital gains tax implications.

Notes on Wealth Forecasting System

4. Modeled Asset Classes

The following assets or indexes were used in this analysis to represent the various model classes:

Asset Class	Modeled As	Annual Turnover Rate
Intermediate-Term Diversified Municipal Bonds	AA-rated diversified municipal bonds with seven-year maturity	30%
US Diversified	S&P 500 Index	15
US Value Stocks	S&P/Barra Value Index	15
US Growth Stocks	S&P/Barra Growth Index	15
Developed International Stocks	MSCI EAFE Unhedged	15
Emerging Markets Stocks	MSCI Emerging Markets Index	20
US SMID	Russell 2000	15

5. Volatility

Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital Markets Projections page at the end of these Notes.

In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.0%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed income assets is different for different time periods.

6. Technical Assumptions

Bernstein's Wealth Forecasting System is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital Markets Engine is the module responsible for creating simulations of returns in the capital markets. Except as otherwise noted, these simulations are based on inputs that summarize the current condition of the capital markets as of March 31, 2013. Therefore, the first 12-month period of simulated returns represents the period from April 1, 2013, through March 31, 2014, and not necessarily the calendar year of 2013. A description of these technical assumptions is available upon request.

Notes on Wealth Forecasting System

7. Tax Implications

Before making any asset allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

8. Income Tax Rates

Bernstein's Wealth Forecasting System has used various assumptions for the income tax rates of investors in the case studies that constitute this analysis. See the assumptions in each case study (including footnotes) for details. Contact Bernstein for additional information.

The Federal Income Tax Rate is Bernstein's estimate of either the top marginal federal income tax rate or an "average" rate calculated based upon the marginal-rate schedule. The Federal Capital Gains Tax Rate is the lesser of the top marginal federal income tax rate or the current cap on capital gains for an individual or corporation, as applicable. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital gains taxes. The State Tax Rate generally is Bernstein's estimate of the top marginal state income tax rate, if applicable.

The Wealth Forecasting System uses the following top marginal federal tax rates unless otherwise stated: For 2013 and beyond, the maximum federal ordinary income tax rate is 43.4% and the maximum federal capital gain and qualified dividend tax rate is 23.8%.

9. Estate Transfer and Taxation

The Wealth Forecasting System models the transfer of assets to children, more remote descendants, and charities, taking into account applicable wealth transfer taxes. If the analysis concerns a grantor and his or her spouse, the System assumes that only the first to die owns assets in his or her individual name and that no assets are owned jointly. It is further assumed that the couple's estate plan provides that an amount equal to the largest amount that can pass free of Federal estate tax by reason of the federal unified credit against estate taxes (or, if desired, the largest amount that can pass without state death tax, if less) passes to a trust for the benefit of the surviving spouse and/or descendants of the first-to-die, or directly to one or more of those descendants. It is further assumed that the balance of the first-to-die's individually owned assets passes outright to the surviving spouse and that such transfer qualifies for the federal estate tax marital deduction. Any state death taxes payable at the death of the first-to-die after 2010 are assumed to be paid from the assets otherwise passing to the surviving spouse. To the extent that this assumption results in an increase in state death taxes under any state's law, this increase is ignored. In addition, it is assumed that the surviving spouse "rolls over" into an IRA in his or her own name any assets in any retirement accounts (e.g., an IRA) owned by the first to die, and that the surviving spouse withdraws each year at least the minimum required distribution ("MRD"), if any, from that IRA.

At the survivor's death, all applicable wealth transfer taxes are paid, taking into account any deductions to which the survivor's estate may be entitled for gifts to charity and/or (after 2010) the payment of state death taxes. The balance of the survivor's individually-owned assets passes to descendants and/or charities and/or trusts for their benefit. The survivor's retirement accounts (if any) pass to descendants and/or charities. To the extent that a retirement account passes to more than one individual beneficiary, it is assumed that separate accounts are established for each beneficiary and that each takes at least the MRD each year from the account. In all cases, it is assumed that all expenses are paid from an individual's taxable accounts rather than his or her retirement accounts to the maximum extent possible.

Notes on Wealth Forecasting System

10. Capital Markets Projections

	Median 30-Year Growth Rate	Mean Annual Return	Mean Annual Income	One-Year Volatility	30-Year Annual Equivalent Volatility
Cash Equivalents	2.8%	3.1%	3.1%	0.0%	8.9%
Int.-Term Diversified Municipal Bonds	3.1	3.3	3.4	3.3	7.1
US Diversified	7.7	9.3	2.9	16.3	18.8
US Value	8.0	9.5	3.4	15.8	18.5
US Growth	7.5	9.4	2.3	18.2	20.1
Developed International	8.4	10.4	3.4	18.0	19.5
Emerging Markets	6.5	10.4	3.8	25.8	27.0
US SMID	7.9	10.0	2.5	18.6	21.3
Inflation	3.0	3.3	n/a	1.0	9.6
Single Stock	3.6	9.3	2.0	34.6	34.6

Data do not represent any past performance and are not a guarantee of any future specific risk levels or returns, or any specific range of risk levels or returns.
Based on 10,000 simulated trials each consisting of 30-year periods; contact Bernstein for additional information.
Reflects Bernstein's estimates and the capital market conditions as of March 31, 2013.