UBS

Advanced Planning

Strategic Wealth Assessment

Jim and Mary Smith

Chris Sample

Senior Wealth Strategist

January 2022

Important information regarding this presentation

Scope of our Services
UBS Financial Services Inc. and its affiliates (UBS) make various interactive tools, worksheets, white papers, guidebooks, newsletters, research, reports, portfolio analyses and financial plans and other marketing and disclosure materials (collectively Materials) available to its Financial Advisors, clients and prospective clients. These Materials are generally provided free of charge (although fees may be charged for financial planning reports).The goal of the Materials is to aid and educate our Financial Advisors, clients and prospective clients in understanding the scope of our service offerings, the issues that should be considered before engaging in an investment transaction, the basic tenets of investing, our views of long-term economic trends and projections, and, subject to certain assumptions, the potential effects that a particular strategy, investment program or product or series of transactions may have on a portfolio. The Materials may include hypothetical illustrations, case studies, discussions of factors to be considered in assessing a potential investment product, strategy and items to consider with respect to account types, services and asset allocation.

The Materials are marketing material intended to help you understand services and investments we offer. It should be used solely for the purposes of discussion with your UBS Financial Advisor and your independent consideration. UBS does not intend this to be fiduciary or best interest investment advice or a recommendation that you take a particular course of action. If you would like more details about any of the information provided, or personalized recommendations or advice, please contact your UBS Financial Advisor.

Conflicts of interest.
UBS Financial Services Inc. is in the business of establishing and maintaining investment accounts (including retirement accounts) and we will receive compensation from you in connection with investments that you make, as well as additional compensation from third parties whose investments we distribute. This presents a conflict of interest when we recommend that you move your assets to UBS from another financial institution or employer retirement plan, and also when we make investment recommendations for assets you hold at, or purchase through, UBS. For more information on how we are compensated by clients and third parties, conflicts of interest and investments available at UBS please refer to the 'Your relationship with UBS' booklet provided at ubs.com/relationshipwithubs, or ask your UBS Financial Advisor for a copy.

Important information about brokerage and advisory services.
As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that you understand the ways in which we conduct business, and that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. For more information, please review client relationship summary provided at ubs.com/relationshipsummary, or ask your UBS Financial Advisor for a copy.

Important information regarding this presentation

We make this report available to you free of charge as a service incidental to our brokerage services and not in an investment advisory capacity. In addition, this report is not provided as part of our Financial Planning Advisory Services.

Important additional information applicable to retirement plan assets (including assets eligible for potential rollover, distribution or conversion).
This information is provided for educational and discussion purposes only and are not intended to be fiduciary or best interest investment advice or a recommendation that you take a particular course of action (including to roll out, distribute or transfer retirement plan assets to UBS). UBS does not intend (or agree) to act in a fiduciary capacity under ERISA or the Code when providing this educational information. Moreover, a UBS recommendation as to the advisability of rolling assets out of a retirement plan is only valid when made in a written UBS Rollover Recommendation Letter to you provided by your UBS Financial Advisor. If you would like more details about any of the information provided, or personalized recommendations or advice, please contact your UBS Financial Advisor.

With respect to plan assets eligible to be rolled over or distributed, you should review the IRA Rollover Guide UBS provides at ubs.com/irainformation which outlines the many factors you should consider (including the management of fees and costs of your retirement plan investments) before making a decision to roll out of a retirement plan. Your UBS Financial Advisor will provide a copy upon request.

No tax or legal advice.
UBS Financial Services Inc., its affiliates and its employees do not provide tax or legal advice. You should consult with your personal tax and/or legal advisors regarding your particular situation.

Implimenting your Strategic Wealth Assessment
You should understand that it is your responsibility to determine whether to implement any of the suggestions made in this assessment and how to accomplish any such implementation. You are not under any obligation to implement any of the suggestions made in the assessment with UBS Financial Services Inc. or any of our affiliates. You are also not required to establish accounts, purchase products that UBS distributes, or otherwise transact business with UBS Financial Services Inc. or any of our affiliates in order to put into action any aspect of this assessment.

If you decide that you would like UBS to be involved with any aspect of implementing this assessment, including helping you develop an investment strategy, we would be delighted to help you through our brokerage and advisory capabilities. The capacity in which we act when helping you implement an investment strategy will depend on, and vary by, the nature of your accounts (i.e., brokerage or advisory accounts) used for such implementation.

Important information regarding this presentation

If you maintain accounts with us, or if you implement all or a portion of your assessment with UBS, you will pay the fees and charges for products, accounts and services you select, such as asset-based fees, transaction-based charges or commissions, and account maintenance fees.

For information regarding the fees we charge for the products and services we offer, the compensation received by UBS and our Financial Advisors, and conflicts of interest, please review our brochure available at ubs.com/relationshipwithubs.

Assumptions and Limitations
This report is intended to provide you with an analysis of your major financial goals. It is based on the data and assumptions that you have provided or instructed us to make. The outcome of the analysis is dependent upon the accuracy of your data and reasonableness of your assumptions. Inaccurate or unreasonable data or assumptions may materially impact the results. In addition, any changes to your personal situation or any of the data or assumptions that underlie this analysis could materially impact the results presented. Please review the information and assumptions in this report carefully with your legal and tax advisors. Please notify your Financial Advisor if any of the information or assumptions are incorrect.

It is important to note that actual results may differ due to any number of events. Some events are within your control, such as your spending habits, while other events, such as market performance, interest rates and tax policies, are not. Changes in federal income, gift, estate, or generation skipping transfer tax laws or changes in their interpretation by the Internal Revenue Service could alter dramatically the results illustrated. Also, changes in assumptions and plans that you develop with your legal and tax advisors will alter the results.

In preparing this report, we utilize information from sources that we believe are reliable, however we cannot predict the impact of market conditions and changes in tax and other laws on the assumptions, projections and illustrations contained in the report.

This report is current as of the date indicated on the front cover. We are under no obligation to update this report to reflect any changes in your goals, priorities, objectives, investments or market conditions, or changes to any assumptions used. In addition, UBS Financial Services Inc. will not track or monitor specific investments you make to determine whether they complement your existing investment objectives or any investment strategy you may adopt, unless you participate in a program designed to provide such monitoring.

Your UBS account statements are the only official record of your holdings at UBS and are not replaced, amended or superseded by any of the information presented in this analysis.

Important information regarding this presentation

Please understand that the information contained in these illustrations reflects only one set of projections of how a planning strategy may perform. The assumed interest rates, rates of return, inflation values and other values are used for illustrative purposes only: they are not guaranteed. Rates of return shown are not indicative of any particular investment or strategy and will vary over time. In addition, the analysis uses assumptions that may not completely or accurately reflect your specific circumstances. As actual investment returns, inflation, taxes, and other economic conditions will vary from the assumptions used, your actual results will vary (perhaps significantly) from those presented. Also, these illustrations may not show the full effects of any income or capital gains taxes (such as state income taxes), gift, estate and/or generation skipping transfer taxes. They are not a substitute for competent advice from your legal and tax advisors.

The presentation is intended to serve as a basis for further discussion with your legal and tax advisors about whether a particular planning strategy is right for you. The coordination of these or other strategies with your entire estate plan and the drafting of trust or foundation documents to implement a strategy require the knowledge and expertise of a competent estate planning or tax attorney.

We have only considered the state income and state estate tax implications for your primary state of residence. Any taxes assessed on income earned or assets owned outside of your primary state of domicile have not been accounted for. In addition, this analysis assumes that you are subject to U.S. income taxes. Taxes that may be payable in a jurisdiction other than the U.S., or tax strategies that may be applicable in such jurisdiction are not considered in this analysis.

Approval: IS2200873

Expiration: 2/28/23

Table of contents

Section 1

UBS Wealth Way

Working together to help you pursue what matters most

This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.

We start by uncovering what's most important to you

We may ask questions that help you think about what matters most to you. Your answers can help inform your financial goals and the plan we create to pursue them.

5 **simple questions**

1 What do you want to accomplish in your life?

- What are your short-, medium- and long-term goals?
- What tradeoffs are you willing to make?
- How do you define financial success?

2 Who are the people that matter most to you?

- Who do you take care of financially?
- What more do you want to do for them?
- Are they financially prepared for the future?

3 What do you want your legacy to be?

- How do you want to make a difference?
- What portion of your wealth do you want to pass on?
- What causes do you care most about?

4 What are your main concerns?

- Do you have enough wealth to achieve your goals?
- How do you decide between spending, saving and investing?
- How do you manage financial risk and uncertainty?

5 How do you plan to achieve your life's vision?

- Who do you turn to for financial advice?
- Do you have a financial plan?
- How do you track progress?

Then, we can help you organize your financial life into three key dimensions

The next 3 years

Liquidity

To help provide cash flow for short-term expenses

4 years – lifetime

Longevity

For longer-term needs

Now – beyond your lifetime

Legacy

For needs that go beyond your own

To help **maintain** your lifestyle

- Entertainment and travel
- Taxes
- Purchasing a home

To help **improve** your lifestyle

- Retirement
- Healthcare and long-term care expenses
- Second home

To help **improve** the lives of others

- Giving to family
- Philanthropy
- Wealth transfer over generations

UBS Wealth Way is an approach incorporating Liquidity. Longevity. Legacy. strategies that UBS Financial Services Inc. and our Financial Advisors can use to assist clients in exploring and pursuing their wealth management needs and goals over different timeframes. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment. Timeframes may vary. Strategies are subject to individual client goals, objectives, and suitability.

Legacy—To help improve the lives of others

The purpose of the Strategic Wealth Assessment is to help you create your Legacy goals and formulate a plan of action to help you pursue those goals

The Legacy strategy seeks to help you improve the lives of others through:

- Giving to family and loved ones
- Making an impact on philanthropic organizations
- Wealth transfer over generations

Timeframe

Now and beyond your lifetime.

Why it matters for you

- Increase confidence by reframing risk based on specific legacy goals and longer timeframes.
- Giving during your lifetime can make the most of your gifts to loved ones.
- The satisfaction of knowing you're making a difference.

How we can help

- We can help give you clarity around how much you may wish to give now and in the future—in order to make the impact you want on the lives of others, while also considering your ability to meet your own needs.
- Identify assets with the potential for growth to generate returns over time—as well as incorporate tax-efficient gifting and life insurance protection strategies.
- Your legacy strategy can also serve as a blueprint for estate planning, trusts, donor advised funds and wealth transfer strategies.

Legacy strategy might include:*

Life insurance
Charitable trusts
Sustainable investing
Family Office
Equities & Bonds
Philanthropy services
Real estate
Structured products
Donor advised funds
Private equity
Hedge funds
Business equity
Retirement savings
Artwork and collectibles
Estate plans
Rental property
Private foundation
Planned giving
Second home

** Timeframes may vary. Strategies are subject to individual client goals, objectives and suitability. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.*

Important disclaimers

Investing involves risks, including the potential of losing money or the decline in value of the investment. Performance is not guaranteed.
Annuity and insurance products are issued by unaffiliated third-party insurance companies and made available through insurance agency subsidiaries of UBS Financial Services Inc.

Borrowing using securities as collateral entails risk and may not be appropriate for your needs. All loans are subject to credit approval, margin requirements, and margin call and other risks. For a full discussion of the risks associated with borrowing using securities as collateral, you should review the Loan Disclosure Statement included in your application package/account opening package. Neither UBS Financial Services Inc. nor UBS Bank USA provides legal or tax advice. You should consult your legal and tax advisors regarding the legal and tax implications of borrowing using securities as collateral for a loan. Securities backed financing involves special risks (including, without limitation, being required to post additional collateral, commonly referred to as a "margin call," if certain collateral value requirements are not met) and is not suitable for everyone.

All information and opinions indicated are subject to change without notice. UBS retains the right to change the range of services, the products and the prices at any time without prior notice. Certain services and products are subject to legal provisions and cannot therefore be offered worldwide on an unrestricted basis.

UBS Financial Services Inc. strongly recommends to all persons considering philanthropic activities to obtain appropriate independent legal, tax and other professional advice. In particular, you should consult with your legal counsel and/or your accountant or tax professional regarding the legal or tax implications of a particular recommendation, strategy or investment, including any estate planning strategies, prior to investment or implementation. This publication may not be reproduced or distributed without the prior authority of UBS.

Interests of alternative investment funds (the "Funds") are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of the Funds, and which prospective investors are urged to read carefully before subscribing. This is not an offer to sell any interests of any Fund, and is not a solicitation of an offer to purchase them. An investment in a Fund is speculative and involves significant risks. The Funds are not mutual funds and are not subject to the same regulatory requirements a mutual funds. The Funds' performance may be volatile, and investors may lose all or a substantial amount of their investment in a Fund. The

Funds may engage in leveraging and other speculative investment practices that may increase the risk of investment loss. Interests of the Funds typically will be illiquid and subject to restrictions on transfer. The Funds may not be required to provide periodic pricing or valuation information to investors. Fund investment programs generally involve complex tax strategie and there may be delays in distributing tax information to investors. The Funds are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits. The Funds may fluctuate in value. An investment in the Funds is long term, there is generally no secondary market for the interests of the Fund, and none is expected to develop. Interests in the Funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in a Fund. Investors should consider a Fund as a supplement to an overall investment program.

Structured investments are not suitable for all investors given their complexity and level of risk. Wealth management services in the United States are provided by UBS Financial Services Inc., a registered broker/dealer offering securities, trading, brokerage and related products and services.

Important information about Advisory & Brokerage Services
As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. A small number of our financial advisors are not permitted to offer advisory services to you, and can only work with you directly as UBS broker-dealer representatives. Your financial advisor will let you know if this is the case and, if you desire advisory services, will be happy to refer you to another financial advisor who can help you. Our agreements and disclosures will inform you about whether we and our financial advisors are acting in our capacity as an investment adviser or broker-dealer. For more information, please review the PDF document at **ubs.com/relationshipsummary**

For information regarding the fees we charge for the products and services we offer, as well as other compensation received by UBS, please review our brochure titled *Your Relationship With UBS,* available at **ubs.com/relationshipwithubs**.

UBS Financial Services Inc., its affiliates and its employees do not provide tax or legal advice. Clients should contact their personal tax and/or legal advisors regarding their particular situations.

Section 2

Document inventory

Document inventory

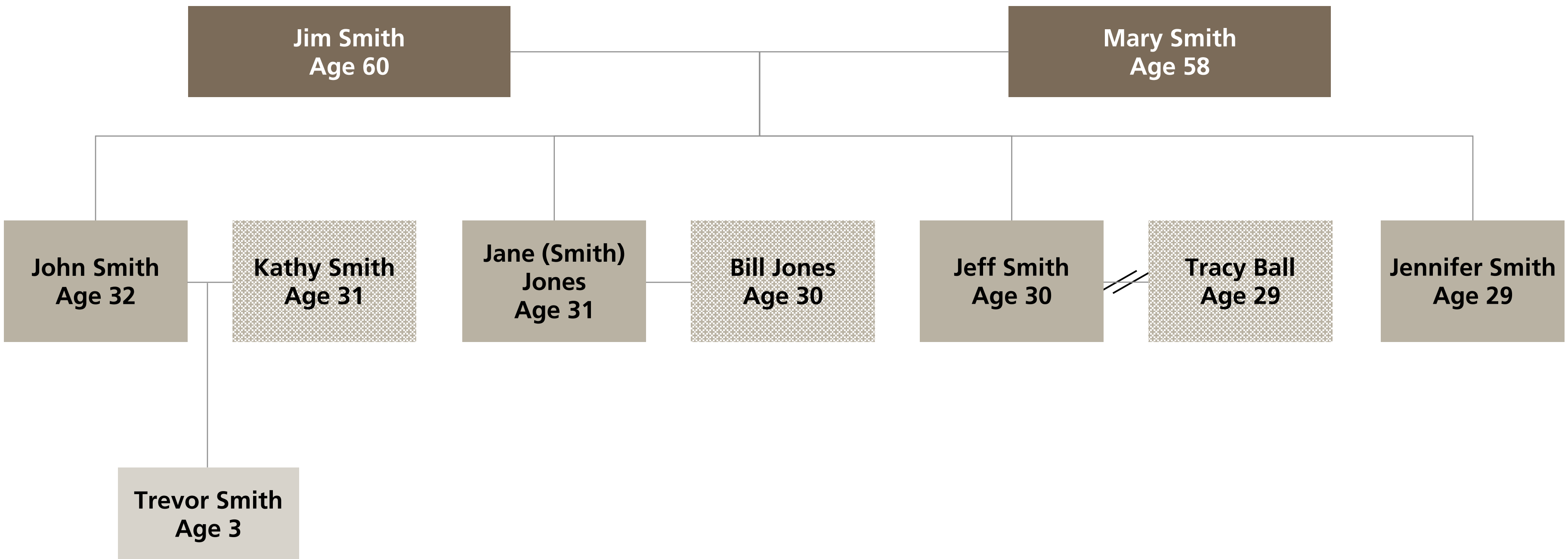
Estate documents	Execution date
• Health Care Proxy - Jim Smith	April 12, 2010
• Health Care Proxy - Mary Smith	April 12, 2010
• Durable Power of Attorney - Jim Smith	April 12, 2010
• Durable Power of Attorney - Mary Smith	April 12, 2010
• Will - Jim Smith	April 12, 2010
• Will - Mary Smith	April 12, 2010
• Revocable Trust - The Jim Smith Revocable Trust	April 12, 2010
• Revocable Trust - The Mary Smith Revocable Trust	April 12, 2010
• Irrevocable Trust - The Jim Smith 2002 Irrevocable Trust	January 1, 2002

Section 3

Family tree

Family tree

Ages as of 12/31/22



Section 4

Client objectives

Client objectives

- **Wealth transfer planning -** You would like to implement a tax-effective wealth transfer plan that will maximize wealth transfer to your descendants while encouraging them to be productive, and also allow them to enjoy the family wealth.
- **Provide liquidity for estate taxes -** You wish to prevent the liquidation of certain assets held in your estate, including Jim's GeoPhysics, Inc. stock.
- **Current estate documents -** You are concerned that your estate documents need updating.
- **Preserving options with respect to assets -** You wish to explore techniques that may give you the benefits of lifetime gifting while allowing you to access assets in the event of an emergency.

Section 5

Asset summary

The balance sheet includes the assets, accounts, and liabilities you have elected to include in this assessment. Review this information with your Financial Advisor and advise if any changes are needed to the information and values presented. This report is not intended to provide you with consolidated information or reporting regarding your holdings at other firms. However, if you provided information regarding assets that you hold at other financial institutions, we have included those assets in this assessment at your request. The information for these accounts is based on information you provided and may not reflect the current valuation. **We have not verified, and are not responsible for, the accuracy or completeness of such information**. If the information you provided is not current, it could impact the accuracy of the analysis presented.
Up to date valuation and information can be obtained directly from the custodians of your assets. The account statements that you receive from your third party custodian regarding the assets you hold with them are the official record of your holdings and accounts and are not impacted or superseded by the information in this report. You should review and maintain the original documents and the statements for accounts held away from UBS. Those documents may contain notices, disclosures and other information important to you, and may also serve as a reference should questions arise regarding the accuracy of that information as presented in this report.
UBS does not provide advice with respect to your assets not held at UBS and does not assume responsibility for activity you conduct at other financial institutions. Your UBS account statements and official tax documents are the only official record of your UBS accounts and are not replaced, amended, or superseded by any of the information presented in this report. You should not rely on the information in this assessment in making purchase or sell decisions, for tax purposes or otherwise.
UBS's SIPC coverage applies to assets held at UBS. If you maintain assets at other firms that may be SIPC members, you should contact their financial representative for the other entity's statement regarding SIPC membership.

-Loan accounts identified under UBS are provided by UBS Financial Services Inc., UBS Bank USA, UBS Credit Corp. or UBS Financial Services Incorporated of Puerto Rico, each an affiliate of UBS Financial Services Inc. -UBS Bank USA originates residential mortgage loans. The information is not your official mortgage or other loan information and is provided as a courtesy. It may not reflect recent activity. Please refer to your mortgage or loan statement for current transaction details.
-529 Plans are not held at UBS and the value shown is based on records of the sponsor of such college savings plan and is generally not verifiable by UBS on an ongoing basis. The value does not necessarily represent the value you would receive from the sponsor of the college savings plan.

Balance sheet

Personal financial assets	Jim	Mary	Joint	Total
Cash Accounts	0	0	5,000,000	5,000,000
Brokerage Accounts	0	0	10,000,000	10,000,000
Cash & investments	**0**	**0**	**15,000,000**	**15,000,000**
Exxon (Former Employer) Shares (59,200, $78.00 as of 1/31/22)	4,617,600	0	0	4,617,600
Exxon (Former Employer) Vested NQSOs (4,999, $78.00 as of 1/31/22)	382,400	0	0	382,400
Employer stock & options	**5,000,000**	**0**	**0**	**5,000,000**
401(k)	3,000,000	0	0	3,000,000
Traditional IRA	0	1,000,000	0	1,000,000
Retirement plans & annuities	**3,000,000**	**1,000,000**	**0**	**4,000,000**
Personal financial assets	**8,000,000**	**1,000,000**	**15,000,000**	**24,000,000**

Other assets	Jim	Mary	Joint	Total
GeoPhysics, Inc. (Privately-held C-Corporation)	50,000,000	0	0	50,000,000
Other assets	**50,000,000**	**0**	**0**	**50,000,000**

Personal assets	Jim	Mary	Joint	Total
Real Estate - Primary Residence - Miami, Florida	0	0	6,000,000	6,000,000
Real Estate - Secondary Residence - Bretton Woods, New Hampshire	0	4,000,000	0	4,000,000
Personal Property - Automobiles, Artwork, and Boat	0	0	2,000,000	2,000,000
Personal assets	**0**	**4,000,000**	**8,000,000**	**12,000,000**

Total assets	**58,000,000**	**5,000,000**	**23,000,000**	**86,000,000**

Liabilities	Jim	Mary	Joint	Total
Mortgage - Primary Residence - Miami, Florida	0	0	1,000,000	1,000,000
Total liabilities	**0**	**0**	**1,000,000**	**1,000,000**

Personal net worth	**58,000,000**	**5,000,000**	**22,000,000**	**85,000,000**

Balance sheet

Off-balance sheet assets	Total
Irrevocable Trust - Jim Smith 2002 Irrevocable Trust - Brokerage Account	3,000,000
Total off-balance sheet assets	**3,000,000**

Note: All account and asset values were supplied by the client.

Note: Life insurance policy cash values and/or death benefit not included. See subsequent page.

The information provided with respect to employee stock options is for illustrative purposes only and does not purport to analyze all material facts, pricing, taxation or considerations relating to your restricted stock or stock options. UBS does not guarantee that the information is accurate or complete and it should not be relied upon when making an investment, exercise, or liquidation decision. Further, our financial planning services do not include initial or on-going advice regarding specific securities or other investments, including the investment merits of any stock. Accordingly, inclusion of your restricted stock or stock options in this report does not constitute a recommendation to buy, hold, or sell a specific security.
This section of your report summarizes the information you have provided about your employer stock options and/or restricted stock plans, vesting schedules and grant agreements. This report includes general assumptions designed to illustrate a potential cash value to assess the impact it may have on your cash flows and goals. Any illustrations in this section of the report are based on assumptions provided by, or discussed with you, about the timing of any sales/exercises.

Any security prices included in the analysis are based on either the market price for the date referenced or the three month average ending on the date referenced. UBS makes no warranty with respect to any security price and does not guarantee that a price shown will be available to you on sale; the actual prices you may receive can be more or less than shown in the report. The illustrations do not constitute the range of all possible scenarios that exist. For more detail regarding all of the assumptions used in this analysis, including tax assumptions, speak with your Financial Advisor.

Employer Stock and Equity Compensation

Name of Stock Exxon (Former Employer)
Current Price $78.00
Valuation Date 01/31/22
Owner Jim

	Vested Units	Vested Value	Unvested Units	Unvested Value	Total Units	Total Value
Shares	59,200	$4,617,600	-	$0	59,200	$4,617,600
NQSOs	4,999	$382,400	-	$0	4,999	$382,400

Grant ID	Grant Type	Expire Date	Strike Price	Total Units	Vested Units	Vested Intrinsic Value	Unvested Units	Unvested Intrinsic Value	Total Intrinsic Value
2000 - Grant	Shares	-	$0.00	14,500	14,500	$1,131,000	-	$0	$1,131,000
2002 - Grant	Shares	-	$0.00	10,000	10,000	$780,000	-	$0	$780,000
2003 - Grant	Shares	-	$0.00	5,900	5,900	$460,200	-	$0	$460,200
2004 - Grant	Shares	-	$0.00	9,300	9,300	$725,400	-	$0	$725,400
2005 - Grant	Shares	-	$0.00	19,500	19,500	$1,521,000	-	$0	$1,521,000
NQSOs (2005)	NQSO	12/31/23	$1.51	4,999	4,999	$382,400	-	$0	$382,400

Note: All information is provided by the client.

Life insurance summary

Insurance Policy Description	Type	Insured	Policy Owner	Beneficiary	Death Benefit	Cash Value	Annual Premiums
NWM - 20-Year Term (7/1/10)	Term	Jim	Jim	Spouse	2,000,000	*N/A*	5,500
NWM - 20-Year Term (12/1/09)	Term	Mary	Mary	Spouse	1,000,000	*N/A*	5,000
					3,000,000	**-**	**10,500**

The insurance section of this report is not based upon a review of your insurance policies. Rather, various illustrations are provided based upon information provided by you. As such, these illustrations should be considered a suggestion as to the alternatives you may wish to consider, and not a specific course of action. To obtain a complete depiction of your insurance needs, please consult with your Financial Advisor or insurance professional. Insurance products are issued by unaffiliated third-party insurance companies and made available through insurance agency subsidiaries of UBS Financial Services Inc.

Certain long-term care insurance policies may have provisions containing exclusions, limitations, reductions of benefits and/or terms under which the insurance may be continued in force or discontinued. For costs and complete details of the coverage contact your Financial Advisor.

Section 6

Current estate overview

The current estate overview is based on general assumptions we have made regarding your current estate situation, the validity of Wills and other estate planning documents, and the applications and effect of tax provisions, among other factors.

The overview outlines certain aspects of the estate planning documents you have provided. We created the summary in order to understand your estate planning goals and objectives, but it is not intended to verify the accuracy of those documents or provide specific estate planning recommendations. You should review your estate planning needs with your personal legal and/or tax advisor to obtain a complete analysis of your estate situation.

Health Care Proxies and Durable Powers of Attorney

Health Care Proxy	Jim	Mary
Date Signed	April 12, 2012	April 12, 2012
Agent	Mary	Jim
Successor Agent	Edward Smith (father)	Elizabeth Jones (mother)
Declaration of Wishes	Do not provide artificial nutrition or hydration in the event of a terminal illness or a persistent vegetative state.	Do not provide artificial nutrition or hydration in the event of a terminal illness or a persistent vegetative state.
Contains HIPAA Language?	No	No
State Law	Florida	Florida

Durable Power of Attorney		
Date Signed	April 12, 2012	April 12, 2012
Agent	Mary	Jim
Successor Agent	Edward Smith (father)	Elizabeth Jones (mother)
Gifting Provision	Gifts may be made to spouse and lineal descendants up to the annual gift exclusion amount each year.	Gifts may be made to spouse and lineal descendants up to the annual gift exclusion amount each year.
Effective Date	Immediate	Immediate
State Law	Florida	Florida

Estate Plan Diagram - At Jim's Death

Jim's Fiduciaries
- HCP: Mary, then Edward Smith.
- DPA: Mary, then Edward smith.
- Executor: Mary, then Edward Smith.
- Trustee: Jim, then Mary, then John Smith.

Jim's Will
Dated: April 12, 2010

Mary's Fiduciaries
- HCP: Jim, then Elizabeth Jones.
- DPA: Jim, then Elizabeth Jones.
- Executor: Jim, then Elizabeth Jones.
- Trustee: Mary, then Jim, then John Smith.

Jim Smith Revocable Trust
Dated: April 12, 2010

Jim's retirement plans pass by beneficiary designation to Mary.

Tangible personal property to pass to Mary, else to children in equal shares.

Jim's life insurance death benefits pass by beneficiary designation to Mary.

Division of Trust Assets
- Family Trust - Funded with the largest amount that can be passed without federal estate taxes being payable by Jim's estate.[1]
- Marital Trust - Funded with Jim's assets in excess of the amount allocated to the Family Trust (i.e., the balance in excess of Jim's remaining federal estate tax exemption).[1]

Marital Trust
- Mary is the sole beneficiary during her lifetime and all income must be paid to Mary at least quarterly. Principal distributions may be made to Mary for her health, education, maintenance, and support.
- At Mary's death, the remaining assets to pass to the Family Trust.
- The remaining assets in this trust are includible in Mary's estate for federal estate tax purposes at her death.
- Trustee: Mary, then John Smith. Mary has broad authority to designate successor trustees.

Family Trust
- Discretionary distributions of income and principal to Mary and to Jim's descendants, for health, education, maintenance, and support. Mary will be the primary beneficiary during her lifetime.
- At Mary's death, the remaining assets to be divided and distributed as described on the following page.
- The remaining assets in this trust should not be includible in Mary's estate for federal estate tax purposes at her death.
- Trustee: Mary, then John Smith. Mary has broad authority to designate successor trustees.

[1] $12,060,000 million in 2022 (indexed for inflation in future years). This amount, called the federal lifetime gift and estate tax exemption amount, may be utilized either during life or by one's estate at death. If the exemption is not fully utilized during one's lifetime, the remaining exemption amount will be available to shelter estate assets from taxation at death. Per the example above, the portion of estate assets utilizing Jim's remaining lifetime gift and estate tax exemption amount available at his death will pass to the Family Trust. The 2022 figures are based on a 2018 doubling of 2011's base amount of $5 million (adjusted for inflation) as a result of the Tax Cuts and Jobs Act, as it is commonly known. The law will revert ("sunset") to 2011's original $5 million base amount (adjusted for inflation) on January 1, 2026 unless Congress takes action. Congress is anticipated to pursue additional tax legislation in the first quarter of 2022 however an early reduction in the estate tax exemption is not currently expected. The situation remains fluid. Please consult with your tax advisors before taking action.

Estate Plan Diagram - At Mary's Subsequent Death

Mary's Will
Dated: April 12, 2010

Mary Smith Revocable Trust
Dated: April 12, 2010

Tangible personal property to pass to children in equal shares.

estate tax may be due

Mary's retirement plans pass by beneficiary designation to the children.

Mary's life insurance death benefits pass by beneficiary designation to the children.

Trusts created under Jim's revocable trust at death

Marital Trust

estate tax may be due

Family Trust

After any payments of last expenses and taxes, Mary's remaining revocable trust assets, the Marital Trust assets, and the Family Trust assets to be divided into equal shares for each living child and each deceased child with living descendants, along family lines. All shares to pass outright to each beneficiary, subject to a continuing trust until the age of 40.

Trust for Descendants (under age 40)

- Income and principal are distributed as needed for health, education, maintenance, and support of the beneficiary.
- The beneficiary may request 1/2 of the trust assets at the age of 35, and the remaining trust assets at the age of 40.
- If the beneficiary passes away while assets remain in trust, he or she has the power to redirect the GST exempt portion of the trust estate to any person related to the beneficiary by blood, marriage, or adoption, or to any charity. The beneficiary has the power to redirect the GST non-exempt portion of the trust to any person or entity, including the beneficiary, the beneficiary's estate, or to the creditors of the beneficiary's estate.
- Any assets not so redirected are distributed to the beneficiary's descendants along family lines, to be held in an identical trust until the beneficiary reaches the age of 40.
- Trustees: John Smith. The beneficiary may serve as Co-Trustee at the age of 25 and sole Trustee at the age of 30.

Key Technical Provisions

- Takers of Last Resort: Remaining assets to pass equally to Jim's and Mary's heirs at law.
- Maximum term of trust: Maximum period of time allowed under Florida law (360 years).
- After Jim's death, Mary may remove and appoint the Independent Trustee(s).
- No interested Trustee may partake in any decision regarding the discretionary distribution of trust property to him/herself.
- Governing law: Florida

Jim Smith 2002 Irrevocable Trust

Dated: January 1, 2002

General Structure: Irrevocable grantor trust f/b/o children and descendants.

Settlor: Jim Smith
Trustees: John Smith and Corporate Trustee, as co-Trustees.
Successor Trustee: To be appointed by the last serving Trustee.
Governing Law: Florida
Trust Assets: $3,000,000 held in a brokerage account.

Trust During Jim's Lifetime

- Distributions of income and principal to Jim's descendants for health, education, maintenance, and support, or for any purpose in the Independent Trustee's discretion.
- Each beneficiary has limited withdrawal rights to certain contributions to the trust, so that certain gifts qualify for the gift tax annual exclusion amount. These rights expire after 30 days up to the greater of $5,000 and 5% of the trust's value.
- At Jim's death, the remaining assets to be divided into equal shares for each living child and each deceased child with living descendants, along family lines. All shares to pass outright to each beneficiary, subject to a continuing trust until the age of 40.

Trust for Beneficiary (until age 40)

- Income and principal are distributed as needed for health, education, maintenance, and support of the beneficiary.
- The beneficiary may request 1/2 of the trust assets at the age of 35, and the remaining trust assets at the age of 40.
- If the beneficiary passes away while assets remain in trust, he or she has the power to redirect the GST exempt portion of the trust estate to any person related to the beneficiary by blood, marriage, or adoption, or to any charity. The beneficiary has the power to redirect the GST non-exempt portion of the trust to any person or entity, including the beneficiary, the beneficiary's estate, or to the creditors of the beneficiary's estate.
- Any assets not so redirected are distributed to the beneficiary's descendants along family lines, to be held in an identical trust until the beneficiary reaches the age of 40.
- Trustees: John Smith. The beneficiary may serve as Co-Trustee at the age of 25 and sole Trustee at the age of 30.

Section 7

Hypothetical estate tax calculation

Any discussion of tax issues contained in this analysis is general in nature and is provided for informational purposes only. As applicable, current U.S. tax law concepts are used in this analysis. However, you should understand that UBS is not, and does not, hold itself out to be an advisor as to legal or taxation matters in any jurisdiction. Nothing contained in this report should be construed as tax advice and cannot in any case be relied upon to avoid the imposition of US tax-related penalties. Neither UBS nor any of its employees provide tax or legal advice and we recommend that you evaluate your situation with your legal and/or tax advisor before taking any action because of the significance and complexity of the tax considerations.

Fundamental changes in the transfer tax laws present a critical need for clients to consult with their tax and legal advisors on estate planning matters. Historically high exemption amounts may dramatically impact the intended effects of certain will and trust provisions. Subsequent legislation may also alter the tax rules currently in effect. Accordingly, it is important to review your current estate plan with your legal and tax advisors in light of current and anticipated law.

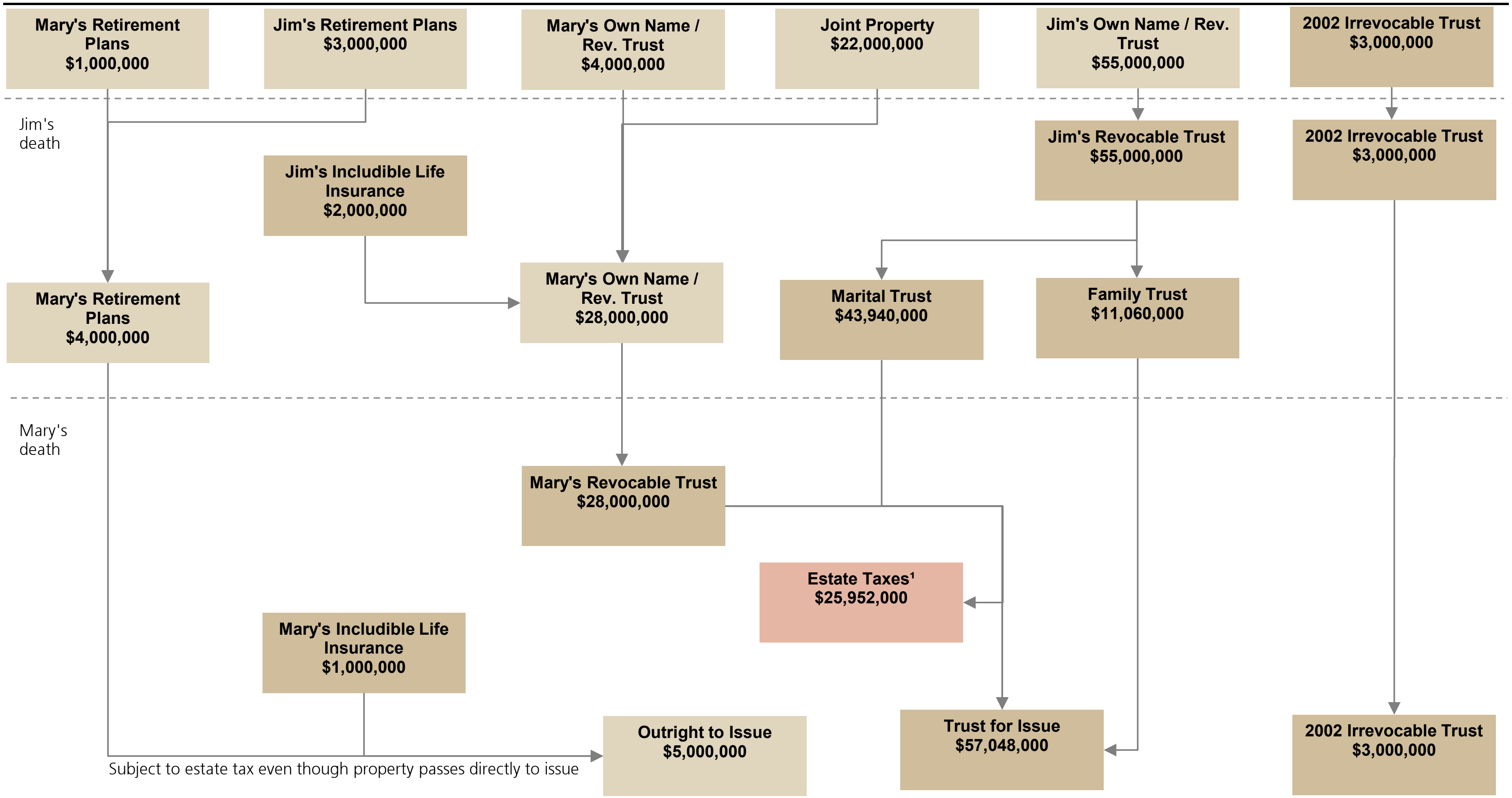
Transfer tax rates

Calendar Year	Estate Tax Exclusion	GST Tax Exemption	Gift Tax Exclusion[1]	Top Estate, GST & Gift Tax Rates
2011	$5 million	$5 million	$5 million	35%
2012 (inflation adjusted)	$5.12 million	$5.12 million	$5.12 million	35%
2013 (inflation adjusted)	$5.25 million	$5.25 million	$5.25 million	40%
2014 (inflation adjusted)	$5.34 million	$5.34 million	$5.34 million	40%
2015 (inflation adjusted)	$5.43 million	$5.43 million	$5.43 million	40%
2016 (inflation adjusted)	$5.45 million	$5.45 million	$5.45 million	40%
2017 (inflation adjusted)	$5.49 million	$5.49 million	$5.49 million	40%
2018 (inflation adjusted)	$11.18 million	$11.18 million	$11.18 million	40%
2019 (inflation adjusted)	$11.40 million	$11.40 million	$11.40 million	40%
2020 (inflation adjusted)	$11.58 million	$11.58 million	$11.58 million	40%
2021 (inflation adjusted)	$11.70 million	$11.70 million	$11.70 million	40%
2022 (inflation adjusted)[2]	**$12.06 million**	**$12.06 million**	**$12.06 million**	**40%**

[1] In addition to the $12.06 million lifetime gift tax exclusion, you may gift $16,000 (indexed for inflation) each year to one or more individuals. A married couple may gift $32,000 (indexed for inflation) to each donee. This amount, called the annual gift tax exclusion, is not counted against the $12.06 million lifetime gift tax exclusion.

[2] The 2022 figures are based on a 2018 doubling of 2011's base amount of $5 million (adjusted for inflation) as a result of the Tax Cuts and Jobs Act, as it is commonly known. The law will revert ("sunset") to 2011's original $5 million base amount (adjusted for inflation) on January 1, 2026 unless Congress takes action. Congress is anticipated to pursue additional tax legislation in the first quarter of 2022 however an early reduction in the estate tax exemption is not currently expected. The situation remains fluid. Please consult with your tax advisors before taking action. Annual gift tax exclusions will be unaffected by any potential "sunset".

Hypothetical asset disposition (assuming death in 2022)



[1]Estate taxes detailed on the following page.

Hypothetical estate tax calculation (assuming death in 2022)

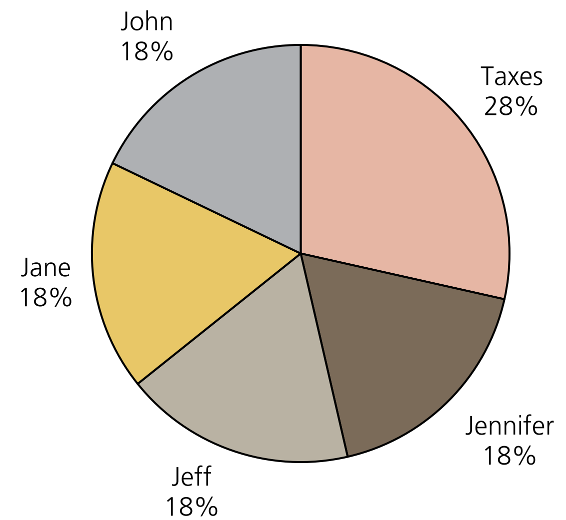
Death in 2022[1]		Federal
Jim's total estate (including life insurance death benefits):		71,000,000
Marital deduction		(59,940,000)
Charitable bequests		0
Lifetime taxable gifts		1,000,000
Estate tax base		12,060,000
Federal estate taxes		0
State estate taxes		N/A
Mary's own estate (including life insurance death benefits):		17,000,000
Marital trust / marital bequest from Jim:		59,940,000
Mary's total estate:		76,940,000
Charitable bequests		0
Lifetime taxable gifts		0
Estate tax base		76,940,000
Federal estate taxes		25,952,000
State estate taxes		N/A

Combined net worth	85,000,000	
Off balance sheet items (2002 Irrevocable Trust)	3,000,000	
Includible life insurance death benefits	3,000,000	
Estate taxes	(25,952,000)	
Net remaining for heirs from all sources:		**65,048,000**
Net remaining per child from all sources:		**16,262,000**

[1]This is a hypothetical illustration based on the information you have provided and assuming both deaths occur under legislation applicable in 2022. Estate values and potential tax liabilities are estimates only and are based on Florida residency. This illustration does not take probate or administration expenses into account.
Note that this is not a guarantee of potential federal or state tax expenses but an estimate for your consideration with your attorney. The 2022 figures are based on a 2018 doubling of 2011's base amount of $5 million (adjusted for inflation) as a result of the Tax Cuts and Jobs Act, as it is commonly known. The law will revert ("sunset") to 2011's original $5 million base amount (adjusted for inflation) on January 1, 2026 unless Congress takes action. Congress is anticipated to pursue additional tax legislation in the first quarter of 2022 however an early reduction in the estate tax exemption is not currently expected. The situation remains fluid. Please consult with your tax advisors before taking action. Annual gift tax exclusions will be unaffected by any potential "sunset".

Hypothetical Wealth Transfer Summary

Total Family Wealth	**91,000,000**
Amount to Taxes:	
Total Federal Estate Taxes Due	*25,952,000*
Total Taxes	**25,952,000**
Amount to Heirs:	
From Estates	*62,048,000*
Irrevocable Trusts and Other Off Balance Sheet Items	*3,000,000*
Total to Heirs	**65,048,000**
Amount to Charity:	
From Estates	*0*
Existing Charitable Entities	*0*
Total to Charity	**0**



Potential Estate Tax Liquidity[1]

Liquidity available:	
Cash Accounts	5,000,000
Brokerage Accounts	10,000,000
Exxon (Former Employer) Shares (59,200, $78.00 as of 1/31/22)	4,617,600
Exxon (Former Employer) Vested NQSOs (4,999, $78.00 as of 1/31/22)	382,400
Life Insurance Included in Gross Estate	3,000,000
Total Liquidity Available:	23,000,000
Liquidity needed:	
Mortgage - Primary Residence - Miami, Florida	1,000,000
Hypothetical Estate Tax Liability	25,952,000
Total Liquidity Needed:	26,952,000
Excess/shortfall	**(3,952,000)**

[1] The phrase "Liquidity" is specific to the topic of Potential Estate Tax Liquidity, and refers to assets that can be readily sold in order to pay the estate tax which is due within nine months from the date of death.

Section 8

Observations & discussion points

Observations & discussion points

Basic Estate Planning Considerations

- **Update Estate Planning Documents -** The core documents of your estate plan were last updated over a decade ago. Generally, your estate plan should be reviewed at least every five years (or after a significant life event) with any non-conforming estate plan documents to be updated to ensure your estate plan goals are effectively met. Health Care Proxies and Durable Powers of Attorney documents may need to be updated more frequently to ensure they comply with current state statutes and are not perceived as "old and cold" by medical and/or financial institutions when used by the designated fiduciaries.

- **Outright Distributions to Children -** Consider leaving your property in trust for your children for their lifetimes rather than distributing the trust property to them at age 40. A lifetime trust can provide a beneficiary with protection from "creditors and predators", including divorcing spouses. In addition, a portion of the trust property may be able to avoid estate taxation at the beneficiary's death.

- **Increase Flexibility of Estate Plan on First Death** - As recent events have shown, the estate tax rules are in flux. The lifetime exemption of $12.06 million per person (for 2022) results from the 2018 doubling of 2011's base amount of $5 million (adjusted for inflation) as a result of the Tax Cuts and Jobs Act, as it is commonly known. The law will revert ("sunset") to 2011's original $5 million base amount (adjusted for inflation) on January 1, 2026 unless Congress takes action. Congress is anticipated to pursue additional tax legislation in the first quarter of 2022 however an early reduction in the estate tax exemption is not currently expected. The situation remains fluid. In order to increase the ability of your estate plan to navigate through these constantly changing circumstances, consider having the estate plan of the first spouse to die leave all of the trust property to a single qualified terminable interest property (QTIP) trust for the sole benefit of the surviving spouse, and then allow the decedent spouse's executor to decide how much of that QTIP Trust should immediately flow into a Family Trust (where all family members can be beneficiaries). This strategy, called a Clayton QTIP, creates the maximum flexibility to deal with future circumstances in the most tax efficient way possible.

  Planner's Note: If the surviving spouse is the executor, then he/she cannot be the one to decide how much should flow from the QTIP Trust to the Family Trust. Consider appointing a "special executor" whose only role is to make this decision. The surviving spouse can be the executor for all other purposes.

- **Review Fiduciary Appointments -** Review the fiduciaries you have appointed in your estate planning documents to make sure that those people are still good choices. Due to changes in your net worth, the composition of your net worth and people's circumstances, what was once a good choice for a fiduciary may now be a less than optimal choice.

- **Ownership of Assets -** You may wish to consider adjusting ownership of your assets to ensure that you take advantage of both of your remaining estate tax exemption amounts. The goal is for each of you (or your revocable trusts, preferably) to own liquid assets which at least equal the individual's remaining estate tax exemption amount, so that whichever of you passes away first, there are sufficient assets in the deceased spouse's name to fund the Federal Estate Tax Exempt Share.

  Planner's Note: Although rules relating to the portability of the federal estate tax exemption amount are now permanent, these rules do not apply for the purposes of generation-skipping transfer taxes or state estate taxes. In addition, while a decedent's federal estate tax exemption may be carried over to the surviving spouse, it does not increase and thus would not account for continued growth on the assets it is meant to shelter.

Observations & discussion points

- **Fund Revocable Trusts During Life -** You may wish to consider funding your revocable trusts with your financial assets. Funding your revocable trusts during life will let those assets avoid the probate process, which will save your family time and money. In addition, the revocable trusts provide an effective way to manage your assets should you become incapacitated. You will have the same level of control over assets in the revocable trust as if you held the assets in your own name.

- **Avoid Ancillary Probate -** You own real estate in New Hampshire. As a result, that real estate will need to go through probate in New Hampshire, and that probate process will consume time and money. To avoid that extra probate process, consider transferring ownership of that real estate to your revocable trusts before your deaths.

- **Beneficiary Designations -** All beneficiary designations (for life insurance policies, IRAs and 401k plans) should be reviewed periodically to ensure that the designations coordinate with and further the intent of your overall estate plan.

Estate Tax Minimization

- **Annual Gift Tax Exclusions -** Consider maximizing your annual gift tax exclusions. Currently, each of you may gift $16,000 per year to any donee without either eroding your lifetime estate and gift tax exemptions or incurring gift tax liability. Note that these annual exclusion gifts may be made to a trust, which affords you greater control over the ultimate disposition of the assets and may provide your donees with asset protection and estate tax advantages. Any gifting should be carefully coordinated with your own financial needs.

  Planner's Note 1: You are currently making gifts to an irrevocable trust that qualify for the annual exclusion. These gifts count against your overall annual gift exclusion limits with regard to the trust beneficiaries, so other annual gifts to those beneficiaries should be coordinated with your gifts to the trust.

  Planner's Note 2: If a child has earned income, you may be able to use some of your annual gift exclusion to fund a Roth IRA for him/her if his/her 2022 modified adjusted gross income (MAGI) is under $214,000 (married filing jointly) or $144,000 (single). The contribution limit is the lesser of (a) earned income and (b) $6,000 for 2022 (subject to reduction for taxpayers who are close to the MAGI limits). A Roth IRA grows income tax-free, qualified distributions (after age 59½) are generally tax-free, and no minimum distributions are required during the plan owner's life.

- **529 Plans -** Consider making contributions to a 529 Plan for your grandson to take advantage of tax-deferred growth and tax-free withdrawals for qualified education expenses. You can pre-fund up to five years of annual gift exclusions in one year for this purpose, so the two of you together can contribute $160,000 to a 529 Plan for your grandson in 2022, less any annual exclusion gifts you may be making to him. Note that the recent Tax Cuts and Jobs Act permits 529 plans to be used to fund primary and secondary tuition expenses up to $10,000 per year per beneficiary, but be aware that some states may not follow the federal rule and may instead treat such distributions as non-qualified distributions.

Observations & discussion points

- **Medical and Educational Gifts -** Currently, there is an unlimited gift tax exclusion (in addition to the $16,000 current annual exclusion) for qualifying payments of tuition paid directly to an educational institution and for the payment of medical expenses (including health insurance premiums) to qualified institutions. Keep this in mind for these types of expenses for your children and other family members.

- **Lifetime Exemption Gifts -** Under the Tax Cuts and Jobs Act of 2017, the estate/gift and generation-skipping transfer (GST) tax exemptions have been set at $12.06 million per person in 2022, and they are indexed for inflation each year. The 2022 figures are based on a 2018 doubling of 2011's base amount of $5 million (adjusted for inflation) as a result of the Tax Cuts and Jobs Act, as it is commonly known. The law will revert ("sunset") to 2011's original $5 million base amount (adjusted for inflation) on January 1, 2026 unless Congress takes action. Congress is anticipated to pursue additional tax legislation in the first quarter of 2022 however an early reduction in the estate tax exemption is not currently expected. The situation remains fluid

  Planner's Note: In the past, you have used a total of $1,000,000 of your combined lifetime exemptions.

- **Spousal Lifetime Access Trust (SLAT) -** Making lifetime gifts can have many benefits, including saving transfer taxes on any asset appreciation that occurs between the date of the gift and date of death. One option involves one of you establishing an irrevocable trust for the benefit of the other, in addition to children. This trust allows the use of lifetime gift tax exemption but preserves some access to trust funds by naming one of you as a trust beneficiary. This structure is known as a "Spousal Lifetime Access Trust" (SLAT). A SLAT is frequently designed as "grantor trust", which means that all of the SLAT's income is reported on the grantor's individual income tax return, which in turn allows the SLAT to grow free of income tax during the grantor's life.

  Planner's Note: It is possible for married clients to set up trusts for each other such that the husband funds a trust for his wife and descendants and the wife establishes a trust for her husband and descendants; however, it is critical that the trusts not be identical. If the trusts are substantially similar, then the grantors are essentially in the same economic position after the trusts are created as they were before, and the IRS could apply the "reciprocal trust doctrine" to include each trust's assets in the grantor's estate for estate tax purposes. Your attorney can discuss with you how each spouse can create a trust for the other that is sufficiently different so the reciprocal trust doctrine shouldn't apply.

- **Grantor Retained Annuity Trust (GRAT) -** A GRAT offers a unique opportunity to transfer assets without making a large taxable gift, regardless of how valuable the property may be, while still keeping control of the asset (as trustee of the trust). You, as grantor, will receive an annuity payment over the term of the GRAT based on the valuation of the assets at the time of transfer. At the end of the trust term, the assets remaining in the trust will be distributed to a trust for the benefit of your family, such as the SLAT discussed above. The GRAT is an excellent technique to shift future appreciation on appreciating assets from your estate to your children with minimal transfer tax consequences.

  Planner's Note: To the extent that you plan on holding your Exxon shares, those shares are an excellent candidate for the GRAT strategy.

Observations & discussion points

- **Sale to Grantor Trust -** Instead of making a direct gift to the SLAT or using a GRAT to fund the SLAT, consider selling property that has a good potential for appreciation to the SLAT in exchange for a very low interest balloon note (1.82% for a nine year note executed in January 2022). The property's value will be frozen in your estate for estate tax purposes (other than a small annual increase) and the vast majority of the future appreciation will accrue inside the SLAT, which will not be includible in your estate. This strategy also allows you to leverage your exemption from the generation-skipping transfer (GST) tax, whereas the GRAT does not.

Business Planning

- **Buy-Sell Agreement -** Consider developing a buy-sell agreement to plan for the succession of ownership and management of your closely held business. A buy-sell agreement is an agreement among the owners of the business, or among the owners of the business and the business itself, to purchase and sell interests in the business at a price determined by a method set forth in the agreement (subject to strict IRS rules) on the occurrence of certain future events, such as retirement, disability, or death. These agreements can provide for an orderly transition of ownership and management of a business, protection of the business from internal conflicts, and restrictions on transfer of ownership to unwanted third parties. They may also provide a vehicle for ensuring liquidity to pay any estate tax liability attributable to ownership of the business interest.

- **Explore Strategic Options for the Business -** You expressed an interest in understanding what strategic options may be available for your company, including a potential sale. UBS can discuss with you what options might be appropriate to meet your long-term goals. Our Business Development Group can help you find a potential solution within UBS or with one of our partner firms.

Philanthropy

- **Lifetime Charitable Giving -** You may wish to consider making charitable gifts during your life. Funding your charitable goals during life offers two key benefits compared to funding those goals at death: you receive an income tax deduction and you get the joy of seeing your wealth put to work by the charitable organizations that are important to you. Lifetime charitable gifts should be coordinated with your overall financial plan so that your financial security is not endangered.

  Planner's Note: The tax code imposes limitations on charitable income tax deductions based on your adjusted gross income (AGI). Contributions of qualified appreciated property to a public charity can be deducted up to 30% of AGI while contributions of cash to a public charity can be deducted up to 60% of AGI. For contributions to a private foundation, the AGI limits are 20% and 30%, respectively. Excess charitable contributions carry over for five years. You should work closely with your accountant to determine the optimal amounts and timing of your charitable gifts, always subject, of course, to your overall charitable goals.

Observations & discussion points

- **Donor Advised Fund (DAF)** - Even if you do not currently have a specific charitable goal in mind, it may be worthwhile to start funding a donor advised fund. Contributions to a DAF are treated as gifts to a public charity for purposes of the deductibility limits. The donor receives an immediate income tax deduction for the amount contributed to the DAF even though the assets may not be distributed to the ultimate charitable beneficiary for years to come. This allows you to make contributions in high income years, build a charitable fund over time and then recommend distributions for any or all of the balance to registered charities in the future, once you have decided on which charitable goals you want to pursue. You can also invite your children to participate with you in making distributions from the DAF. Unlike a Private Foundation, the DAF handles all of the paperwork and reporting requirements going forward.

- **Private Foundation** - In terms of a more enduring structure for philanthropy, consider establishing a private foundation either during life or at death. For charitably-minded individuals, a private foundation provides an excellent opportunity through which to pass your philanthropic legacy to your children. A private foundation may be a better choice than a donor advised fund if any of the following conditions apply: (1) you want family members to earn income from managing the foundation, (2) you want the foundation to invest in specific investments, especially hedge funds and private equity partnerships, (3) you want to make grants directly to individuals (e.g., scholarships) or (4) you want to conduct charitable activities directly (e.g., building and running a group home).

- **UBS Optimus Foundation -** You expressed an interest in helping children overseas. The UBS Optimus Foundation is an expert grant-making foundation that provides UBS clients with a philanthropic channel to support high-impact, innovative programs benefiting the most vulnerable children globally. The Foundation connects you to a global network of highly effective organizations and innovative programs. UBS monitors the performance of these charities and holds them accountable for achieving results. UBS covers all administrative costs of the Foundation so that 100% of your donations go straight to funding programs with direct and measurable benefit.

- **Charitable Remainder Unitrust ("CRUT")** - A CRUT is a tax-advantaged way to diversify a low basis concentrated stock position while providing a future benefit to charity. You could contribute Exxon shares to a CRUT, which would immediately sell the stock and invest in a diversified portfolio. The CRUT would pay you about 8.5% of the value of the CRUT each year until the death of the survivor of you, at which time whatever is left in the CRUT would go to any one or more charities that you select. Capital gains realized from the sale of Exxon would be recognized by you each year based on the amount you receive from the CRUT. As an added bonus, you would receive an immediate income tax deduction upon funding the CRUT, which would be equal to about 10% of the CRUT's initial value.

Observations & discussion points

Life Insurance

- **Estate Tax Liquidity** - Our analysis shows that the estate of the survivor of you may not have sufficient liquidity to pay debts and estate taxes. One way to address this issue is to purchase a second-to-die life insurance policy and have the policy owned by an irrevocable life insurance trust. At the death of the survivor of you, the trust can use the life insurance proceeds to buy illiquid assets from the survivor's estate, which will give the estate the cash it needs to pay debts and taxes and which will also preserve those illiquid assets for family members.

- **Insurance Review** - Consider reviewing your existing life insurance coverage with a qualified life insurance professional to determine whether your current policies continue to meet your needs and are the most efficient policies based on premium and coverage amounts.

- **Ownership of Life Insurance** - You currently own two insurance policies that may be subject to estate taxes upon your death. Transferring ownership to an irrevocable trust (if structured properly and assuming you survive the transfer by three years) would exclude the proceeds of the policies at death from your taxable estates.

  Planner's Note 1: Gifts made to this trust to pay life insurance premiums would be considered taxable gifts and should be coordinated carefully with any other gifting. You may be able to utilize your annual exclusions or your applicable exemption amounts if the beneficiaries have the right to withdraw your gifts for a period of 30 days after you make those gifts.

  Planner's Note 2: The proceeds from the policies could be used by the trust to purchase illiquid assets from your estate to create liquidity in order to fund your estate tax liability.

  Planner's Note 3: The trust could be structured to provide distributions of income and principal to your children and descendants as you see fit, and could potentially include your spouse as a beneficiary similar to the SLAT format previously discussed. In fact, the SLAT discussed above can be used to own life insurance on the grantor's life.

Income Tax

- **Roth IRA Conversion** - Review with your tax advisor whether it is appropriate to convert your Traditional IRA to a Roth IRA for long-term tax benefits.

- **Qualified Small Business Stock (QSBS)** - If you sell your stock in GeoPhysics, Inc. in the future, you may be eligible to benefit from a special tax code provision relating to Qualified Small Business Stock. If your holdings in GeoPhysics, Inc. qualify, you can exclude between 50% and 100% of your capital gain (up to $10 million) on the sale of the stock (although historical capital gains tax rates and alternative minimum taxes may apply). You also have the option to roll your gain on a tax-deferred basis into a new QSBS investment if you make the investment within 60 days of selling your GeoPhysics, Inc. stock. There are many requirements that must be met in order to qualify for QSBS treatment including, but not limited to: (1) your holding period must be at least five years (six months for a rollover), (2) the stock was received at original issue in exchange for money or services rendered and (3) the stock is a domestic C corporation. You may wish to consider working with your tax advisor to see if the QSBS provisions apply to your GeoPhysics, Inc. holdings. Planning ahead is key if you want to take advantage of the roll over provision because of the 60 day rule.

Observations & discussion points

Other Considerations

- **Supplemental Insurance -** If you have not already done so, consider acquiring an Excess Liability or "Umbrella" policy, or if you already have one, review the adequacy of your existing coverage given your net worth and "at-risk" level.
- **Portfolio Construction -** Consider working with UBS's Portfolio Advisory Group to gain additional insight into how we can further tailor your portfolio to meet your goals. A Senior Portfolio Strategist can help deliver customized analysis, give insight into the firm's research views and provide guidance on implementing the portfolio.
- **Identity Protection -** Identity theft is a serious risk for both you and your children. UBS has a partnership with LifeLock that offers discounts to UBS clients. Please let us know if you would like more information about LifeLock.
- **Digital Access and Assets** – Ensure that you have a record of your log-in and password information for your online accounts such as bank, brokerage, bill pay, e-mail, credit cards, etc. You may choose to store this information in a safety deposit box or safe. This will facilitate access to these accounts in the event of your death. You may also wish to update estate planning documents (e.g., wills, financial powers of attorney) to account for electronic assets.
- **Health Care Management -** You may wish to consider exploring additional resources to help protect and manage your family's healthcare needs. UBS has established a referral program with two companies that can provide assistance with your healthcare needs. Please let us know if you would like additional information.
- **Financial Education -** Educating your family members about financial matters is a good way to increase the effectiveness of your wealth management plan because education empowers your family members to make informed decisions. You may wish to consider using the UBS Financial Education Program as a resource. The UBS Financial Education Program provides your family members with access to digitally interactive personal finance courses, educating them on financial topics relevant to their ages – from elementary school through professional age. Please let us know if you would like access to this program.
- **Family Advisory and Philanthropy Services** – This unique UBS group focuses on providing clients with advice and solutions on key topics such as intentional communication and decision making, generational transitions, family wealth education, family governance, and creating meaningful philanthropic legacies to maximize impact locally, nationally and globally. The group's offering includes facilitating family meetings, hosting bespoke client events focused on the rising generation and philanthropy, providing access to an online financial education program and publications on topics such as family strategy, giving wisely and strategic planning for philanthropy. Please let us know if you would like to work with the Family Advisory and Philanthropy Services group.

Section 9

Wealth transfer strategies

Philanthropic planning

Strategic philanthropy

Strategic philanthropy, where donors see their gifts as a philanthropic investment and expect a certain level of "return" or outcome, is distinct from the more traditional approach to philanthropy of simply making a donation.

Possible goals:

- Supporting a good cause towards a particular milestone.
- Supporting important research relating to a specific issue.
- Imparting values for perpetuity.
- Supporting an educational or religious institution.
- Creating a unifying mission for family and future generations.
- Integrating philanthropic interests into a succession plan.
- Increasing philanthropic return on investment (ROI).

Translating goals into a plan

What core values are most important?

A family legacy

Giving back to the community

Philanthropic planning

Making a difference nationally

Making a difference globally

UBS

Donor advised funds

Donor advised funds

A donor advised fund can make contributions to many charitable organizations. Donations are immediately tax deductible and recipient charities may be recommended at a later date.

- A donor advised fund is created by making a contribution to a public host charity which then deposits the funds in a separate investment account. Once transferred, the funds are owned and controlled by the host charity.
- However, the donor and the donor's family serve in an advisory role and make recommendations as to the amount of distributions and charitable beneficiaries of the account. The host charity may accept or reject the recommendations.
- Depending on the host charity's policies, the donor may name the fund and select from various investment portfolios.
- Under current law, there is no minimum annual payout from a donor advised fund.
- Some donor advised funds, allow a donor's account to exist in perpetuity so that generations beyond the original donor can advise on the account and ensure a lasting philanthropic legacy for the family.
- There is no separate tax return or reporting, and no legal fees to establish the donor advised fund.

Families who wish to give assets to charity, but do not wish to operate an ongoing grant making organization, should consider a donor advised fund.

Donor advised funds—Advantages and considerations

Advantages

- Wide choice of charities.
- Relatively low minimum threshold to fund.
- Relatively low ongoing fees.
- Income tax deduction for contributions is limited to 60% of the donor's adjusted gross income for cash donations (30% for long-term capital gain property, not to exceed 50% if contributing a combination of cash and long-term capital gain property), higher than for contributions made to private foundations.
- May have international grant-making capabilities.
- May accept a wide range of assets, including foreign-traded stock, real estate, closely held stock, art, etc.
- Some donor advised funds, like the UBS donor advised fund, have a dedicated philanthropic service team to advise on the gift.
- Can receive assets from other philanthropic giving vehicles (e.g., private foundations, CRTs, CLTs).

Considerations

- Less personal investment control than with a private foundation.
- Little control over the way the ultimate charitable beneficiaries use the funds.

donor advised funds

	donor advised funds
Control of Grant Making	Donor makes recommendations for grants to qualified nonprofit organizations.
Control of Investments	Donor may make recommendations as to investments, depending on host charity's policy.
Set-up Procedure	Simple agreement, can be set up immediately.
Ongoing Accounting & Admin.	Host charity handles all financial and administrative services; no tax return or reporting required.
Income Tax Deductions	Cash: up to 60% of adjusted gross income. Other than cash: up to 30% of adjusted gross income, not to exceed 50% if donating both cash and capital gain property.
Distribution Requirements	None under current law, but some funds independently establish rules for grant making and payout.
Management	Host charity verifies charitable status of all recipient organizations.
Privacy	Names of individual donors can be confidential and grants can be made anonymously.
Taxes	None.

Private foundations

Private foundations

A private foundation is a tax-exempt nonprofit entity created for the sole purpose of managing and dispersing assets dedicated to charitable giving. Private foundations offer a high degree of control and flexibility to pursue philanthropic goals, but they also require a great deal of skill and attention to manage.

- **Financial resources:** Relevant when substantial resources exist to fund charitable contributions.
- **Philanthropic resources:** A clear mission and business plan is in place so that the foundation's contributions will have the maximum charitable impact possible and an administrative infrastructure to support the mission.
- **Family resources:** When a legacy is clearly envisioned, with strategic planning and administration, a private foundation can be an excellent way to instill a sense of purpose and responsibility among descendants.

Families who wish to earmark a significant amount of wealth for philanthropy and who wish to retain maximum control over the investments and grant making authority should consider a private foundation.

Private foundations (continued)

- A private foundation is organized as a non-profit corporation or a trust, with application to the IRS for special tax status.
- The foundation is governed by a Board of Directors (corporation) or Trustees (trust), which may include you and your family members.
- A foundation can exist in perpetuity, and you can create a succession plan for leadership, control and implementation of your philanthropic objectives.
- Assets are held at a bank, trust company or investment firm in the name of the foundation and are invested at the direction of the Board or Trustees, subject to restrictions and limitations set forth in the Internal Revenue Code.
- The foundation must make qualifying distributions of at least 5% of the foundation's assets each year.
- The Board or Trustees generally have absolute discretion as to the charitable beneficiaries to provide maximum flexibility. Grants to individuals for scholarships, travel or study require prior approval by the IRS.
- Complex IRS rules govern foundation investments, expenditures and transactions.
- Separate tax returns and reporting are required.

Private foundations—Advantages and considerations

Advantages

- Flexibility and personal investment control.
- Separate legal entity.
- Greater ability to control the way designated charities use donated assets.
- Current income tax deduction (subject to prescribed limitations) and contributions may be reinvested and dispersed to public charities over time.
- Board of Directors or Trustees may include family members.

Considerations

- Generally, more expensive charitable vehicle to set up and administer than a donor advised fund.
- Strict regulations create need for professional management.
- An annual excise tax of 1% to 2% is assessed on a private grant-making foundation's net investment income.
- Income tax deduction for contributions to a private foundation is limited to 30% of the donor's adjusted gross income for cash donations and generally only the donor's cost basis of the contributed property, rather than the fair market value, is deductible for income tax purposes (one key exception being most publicly traded stocks, in which the deduction is limited to 20%).
- Must distribute an amount equal to at least 5% of its assets to charity each year.
- Subject to restrictions on its investments and dealings with its donors, directors, officers and related persons.

Private foundations

	Private Foundation
Control of Grant Making	Donor appoints Board or Trustees, which control grant making.
Control of Investments	Donor appoints Board or Trustees, which control investments.
Set-up Procedure	Must incorporate or create trust and apply to IRS for tax-exempt status.
Ongoing Accounting & Administration	Must independently perform financial and administration services or hire staff; annual tax return and reporting required.
Income Tax Deductions	Cash: up to 30% of adjusted gross income. Other than cash: up to 20% of adjusted gross income (limited to cost basis except for publicly traded securities held long term).
Distribution Requirements	At least 5% of net asset value annually.
Management	Must independently verify the charitable status of all recipient organizations.
Privacy	Must file detailed and public tax returns on grants, investment fees, staff, salaries, etc.
Taxes	Excise tax of up to 2% of net investment income, including net capital gains.

donor advised funds vs. private foundations

	donor advised funds	Private foundations
Control of grant making	Donor makes recommendations for grants to qualified nonprofit organizations.	Donor appoints Board or Trustees, which control grant making.
Control of Investments	Donor may make recommendations as to investments, depending on host charity's policy.	Donor appoints Board or Trustees, which control investments.
Set-up Procedure	Simple agreement, can be set up immediately.	Must incorporate or create trust and apply to IRS for tax-exempt status.
Ongoing Accounting & Admin.	Host charity handles all financial and administrative services; no tax return or reporting required.	Must independently perform financial and administration services or hire staff; annual tax return and reporting required.
Income Tax Deductions	Cash: up to 60% of adjusted gross income. Other than cash: up to 30% of adjusted gross income, limited to 50% if contributing both cash and capital gain assets.	Cash: up to 30% of adjusted gross income. Other than cash: up to 20% of adjusted gross income (limited to cost basis except for publicly traded securities held long term).
Distribution Requirements	None under current law, but some funds independently establish rules for grant making and payout.	At least 5% of net asset value annually.
Management	Host charity verifies charitable status of all recipient organizations.	Must independently verify the charitable status of all recipient organizations.
Privacy	Names of individual donors can be confidential and grants can be made anonymously.	Must file detailed and public tax returns on grants, investment fees, staff, salaries, etc.
Taxes	None.	Excise tax of up to 2% of net investment income, including net capital gains.

Market fluctuation, account and administrative fees, and other charges will impact the amounts ultimately available for distribution from a donor advised fund or private foundation.