

# Preparing Gift Tax Returns

**Boston Bar Association  
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Jay Pritchett, a wealthy businessman in his mid-60s, resides in the Los Angeles area with his much younger wife, Gloria Delgado-Pritchett, and Gloria's son, Manuel ("Manny") Delgado. Gloria moved to the United States from a small village in Colombia, and remains a Colombian citizen.

Jay has two children from his prior marriage: Claire Dunphy and Mitchell Pritchett. Claire is married to Phil Dunphy, and has three children: Haley, Alexandra ("Alex"), and Luke (who happens to be the same age as his step-uncle, Manny). Mitchell, an attorney, has had a partner, Cameron Tucker, for five years, with whom he adopted a Vietnamese baby, Lily.

As Jay has developed his wealth and gotten older, he spoke with his son, Mitchell, about some strategies by which he could pass on his wealth to his family and save on potential estate taxes. After speaking with an estate planning attorney, Jay took the following actions:

- **529 Plan:** Jay created a 529 plan for Manny in 2010, and elected to treat the gift of \$120,000 to the 529 plan as having been made ratably over the next 5 years.
- **Cash Gift to Gloria:** As Gloria does not have many assets in her individual name, Jay made a gift of \$134,000 to Gloria.
- **Cash Gifts to Children:** Jay made cash gifts to each of his children to fully utilize the annual exclusion.
- **Cash Gift to Charity:** Jay made a cash gift to his favorite charity, the Beautification of Colombian Women Foundation.
- **Jay Pritchett 2011 Business Trust:** Jay recapitalized his company and gifted a portion of the non-voting shares to an irrevocable trust for the benefit of his descendants.
- **Jay Pritchett 2011 Annuity Trust:** Jay created a Grantor Retained Annuity Trust ("GRAT") and gifted another business interest into it.

- **Jay Pritchett 2011 Insurance Trust:** Jay created a life insurance trust to hold life insurance on his life with annual premiums of \$120,000, which trust would benefit Claire, Mitchell, and their descendants after Jay's death.
- **Pritchett Family 2011 Insurance Trust:** Jay created a life insurance trust to hold a second-to-die life insurance policy on the lives of Jay and Gloria with annual premiums of \$10,000, which trust would benefit Manny and his descendants after their deaths.

In order to document all of the above transactions, Jay and Gloria need assistance in the preparation of their 2011 gift tax returns.

**United States Gift (and Generation-Skipping Transfer) Tax Return**

**2011**

Department of the Treasury  
Internal Revenue Service

(For gifts made during calendar year 2011)

▶ See instructions.

Part 1—General Information

<b>1</b> Donor's first name and middle initial <b>Jay</b>	<b>2</b> Donor's last name <b>Pritchett</b>	<b>3</b> Donor's social security number <b>123-45-6789</b>
<b>4</b> Address (number, street, and apartment number) <b>10 Patriarch Drive</b>		<b>5</b> Legal residence (domicile) <b>Los Angeles</b>
<b>6</b> City, state, and ZIP code <b>Los Angeles, CA 90003</b>		<b>7</b> Citizenship (see instructions) <b>U.S.</b>
<b>8</b> If the donor died during the year, check here <input type="checkbox"/> and enter date of death _____		<b>Yes</b> <b>No</b>
<b>9</b> If you extended the time to file this Form 709, check here <input checked="" type="checkbox"/>		
<b>10</b> Enter the total number of donees listed on Schedule A. Count each person only once. ▶ <b>14</b>		
<b>11a</b> Have you (the donor) previously filed a Form 709 (or 709-A) for any other year? If "No," skip line 11b . . . . .		✓
<b>b</b> If the answer to line 11a is "Yes," has your address changed since you last filed Form 709 (or 709-A)? . . . . .		
<b>12</b> <b>Gifts by husband or wife to third parties.</b> Do you consent to have the gifts (including generation-skipping transfers) made by you and by your spouse to third parties during the calendar year considered as made one-half by each of you? (See instructions.) (If the answer is "Yes," the following information must be furnished and your spouse must sign the consent shown below. <b>If the answer is "No," skip lines 13–18 and go to Schedule A.</b> ) . . . . .		✓
<b>13</b> Name of consenting spouse <b>Gloria Delgado-Pritchett</b>	<b>14</b> SSN <b>234-56-7890</b>	
<b>15</b> Were you married to one another during the entire calendar year? (see instructions) . . . . .		✓
<b>16</b> If 15 is "No," check whether <input type="checkbox"/> married <input type="checkbox"/> divorced or <input type="checkbox"/> widowed/deceased, and give date (see instructions) ▶		
<b>17</b> Will a gift tax return for this year be filed by your spouse? (If "Yes," mail both returns in the same envelope.) . . . . .		✓
<b>18</b> <b>Consent of Spouse.</b> I consent to have the gifts (and generation-skipping transfers) made by me and by my spouse to third parties during the calendar year considered as made one-half by each of us. We are both aware of the joint and several liability for tax created by the execution of this consent.		

Attach check or money order here.

Consenting spouse's signature ▶		Date ▶	
<b>1</b> Enter the amount from Schedule A, Part 4, line 11 . . . . .		<b>64,062</b>	<b>06</b>
<b>2</b> Enter the amount from Schedule B, line 3 . . . . .		<b>0</b>	<b>00</b>
<b>3</b> Total taxable gifts. Add lines 1 and 2 . . . . .		<b>64,062</b>	<b>06</b>
<b>4</b> Tax computed on amount on line 3 (see <i>Table for Computing Gift Tax</i> in instructions) . . . . .		<b>14,056</b>	<b>14</b>
<b>5</b> Tax computed on amount on line 2 (see <i>Table for Computing Gift Tax</i> in instructions) . . . . .		<b>0</b>	<b>00</b>
<b>6</b> Balance. Subtract line 5 from line 4 . . . . .		<b>14,056</b>	<b>14</b>
<b>7</b> Maximum unified credit (see instructions) . . . . .		<b>345,800</b>	<b>00</b>
<b>8</b> Enter the unified credit against tax allowable for all prior periods (from Sch. B, line 1, col. C) . . . . .		<b>0</b>	<b>00</b>
<b>9</b> Balance. Subtract line 8 from line 7. Do not enter less than zero . . . . .		<b>345,800</b>	<b>00</b>
<b>10</b> Enter 20% (.20) of the amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977 (see instructions) . . . . .		<b>0</b>	<b>00</b>
<b>11</b> Balance. Subtract line 10 from line 9. Do not enter less than zero . . . . .		<b>345,800</b>	<b>00</b>
<b>12</b> Unified credit. Enter the smaller of line 6 or line 11 . . . . .		<b>14,056</b>	<b>14</b>
<b>13</b> Credit for foreign gift taxes (see instructions) . . . . .		<b>0</b>	<b>00</b>
<b>14</b> Total credits. Add lines 12 and 13 . . . . .		<b>14,056</b>	<b>14</b>
<b>15</b> Balance. Subtract line 14 from line 6. Do not enter less than zero . . . . .		<b>0</b>	<b>00</b>
<b>16</b> Generation-skipping transfer taxes (from Schedule C, Part 3, col. H, Total) . . . . .		<b>0</b>	<b>00</b>
<b>17</b> Total tax. Add lines 15 and 16 . . . . .		<b>0</b>	<b>00</b>
<b>18</b> Gift and generation-skipping transfer taxes prepaid with extension of time to file . . . . .		<b>0</b>	<b>00</b>
<b>19</b> If line 18 is less than line 17, enter <b>balance due</b> (see instructions) . . . . .		<b>0</b>	<b>00</b>
<b>20</b> If line 18 is <b>greater</b> than line 17, enter <b>amount to be refunded</b> . . . . .		<b>0</b>	<b>0</b>

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than donor) is based on all information of which preparer has any knowledge.

Signature of donor \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ <b>Mintz Levin, et.al.</b>	Firm's EIN ▶			
	Firm's address ▶ <b>One Financial Center, Boston, MA 02111</b>	Phone no. <b>617-542-6000</b>			

**SCHEDULE A Computation of Taxable Gifts (Including transfers in trust) (see instructions)**

**A** Does the value of any item listed on Schedule A reflect any valuation discount? If "Yes," attach explanation . . . . . Yes  No

**B**  Check here if you elect under section 529(c)(2)(B) to treat any transfers made this year to a qualified tuition program as made ratably over a 5-year period beginning this year. See instructions. Attach explanation.

**Part 1—Gifts Subject Only to Gift Tax.** Gifts less political organization, medical, and educational exclusions. (see instructions)

A Item number	B • Donee's name and address • Relationship to donor (if any) • Description of gift • If the gift was of securities, give CUSIP no. • If closely held entity, give EIN	C	D Donor's adjusted basis of gift	E Date of gift	F Value at date of gift	G For split gifts, enter 1/2 of column F	H Net transfer (subtract col. G from col. F)
1	SEE ATTACHED						428,000.00

Gifts made by spouse — complete **only** if you are splitting gifts with your spouse and he/she also made gifts.


**Total of Part 1.** Add amounts from Part 1, column H . . . . . **428,000.00**

**Part 2—Direct Skips.** Gifts that are direct skips and are subject to both gift tax and generation-skipping transfer tax. You must list the gifts in chronological order.

A Item number	B • Donee's name and address • Relationship to donor (if any) • Description of gift • If the gift was of securities, give CUSIP no. • If closely held entity, give EIN	C 2632(b) election out	D Donor's adjusted basis of gift	E Date of gift	F Value at date of gift	G For split gifts, enter 1/2 of column F	H Net transfer (subtract col. G from col. F)
1							

Gifts made by spouse — complete **only** if you are splitting gifts with your spouse and he/she also made gifts.


**Total of Part 2.** Add amounts from Part 2, column H . . . . .

**Part 3—Indirect Skips.** Gifts to trusts that are currently subject to gift tax and may later be subject to generation-skipping transfer tax. You must list these gifts in chronological order.

A Item number	B • Donee's name and address • Relationship to donor (if any) • Description of gift • If the gift was of securities, give CUSIP no. • If closely held entity, give EIN	C 2632(c) election	D Donor's adjusted basis of gift	E Date of gift	F Value at date of gift	G For split gifts, enter 1/2 of column F	H Net transfer (subtract col. G from col. F)
1	SEE ATTACHED						125,062.06

Gifts made by spouse — complete **only** if you are splitting gifts with your spouse and he/she also made gifts.


**Total of Part 3.** Add amounts from Part 3, column H . . . . . **125,062.06**

(If more space is needed, attach additional sheets of same size.)

Donor: **Jay Pritchett**  
SS #: 123-45-6789

**CONTINUATION OF SCHEDULE A-1**  
(Gifts Subject Only to Gift Tax)

<b>A</b> Item #	<b>B</b> Donee's name, rel to Donor, address & description of gift	<b>C</b> 2632(b) Election out	<b>D</b> Donor's adj basis of gift	<b>E</b> Date of gift	<b>F</b> Value at date of gift	<b>G</b> Gift Split	<b>H</b> Net Transfer
1.	Manuel Delgado (Stepson) 10 Patriarch Drive Los Angeles, CA 90003						
	Gift of Cash to Qualified Tuition Plan <sup>1</sup>		24,000.00	1/1/2011	24,000.00	12,000.00	12,000.00
2.	Gloria Delgado-Pritchett (wife) 10 Patriarch Drive Los Angeles, CA 90003						
	Cash		134,000.00	1/1/2011	134,000.00		134,000.00
3.	Claire Dunphy (daughter) 25 Iceskating Street Los Angeles, CA 90003						
	Cash		6,000.00	12/31/2011	6,000.00	3,000.00	3,000.00
4.	Phil Dunphy (son-in-law) 25 Iceskating Street Los Angeles, CA 90003						
	Cash		26,000.00	12/31/2011	26,000.00	13,000.00	13,000.00
5.	Mitchell Pritchett (son) 132 Avocat Way Los Angeles, CA 90003						
	Cash		6,000.00	12/31/2011	6,000.00	3,000.00	3,000.00

A Item #	B Donee's name, rel to Donor, address & description of gift	C 2632(b) Election out	D Donor's adj basis of gift	E Date of gift	F Value at date of gift	G Gift Split	H Net Transfer
6.	Cameron Tucker (unrelated) 132 Avocat Way Los Angeles, CA 90003						
	Cash		26,000.00	12/31/2011	26,000.00	13,000.00	13,000.00
7.	Beautification of Colombian Women Foundation (charity) 51 Colombian Road Los Angeles, CA 90003						
	Cash		500,000.00	12/31/2011	500,000.00	250,000.00	250,000.00
<b>TOTAL NET TRANSFER</b>							<b>\$428,000.00</b>

<sup>1</sup> On January 1, 2010 the taxpayer and the taxpayer's wife jointly contributed \$120,000 to a qualified tuition plan on behalf of the taxpayer's wife's son, Manuel Delgado, and elected under Section 529(c)(2)(B) to treat these entire contributions ratably over a five year period beginning in 2010.

Donor: **Jay Pritchett**  
SSN: 123-45-6789

**CONTINUATION OF SCHEDULE A-3**  
(Indirect Skips)

<b>A</b> Item #	<b>B</b> Donee's name, rel to Donor, address & description of gift	<b>C</b> 2632(b) Election out	<b>D</b> Donor's adj basis of gift	<b>E</b> Date of gift	<b>F</b> Value at date of gift	<b>G</b> Gift Split	<b>H</b> Net transfer
1.	Gift of 1,000 shares of Pritchett Ventures, Inc. to the Jay Pritchett 2011 Business Trust <sup>1</sup>		\$50,000.00	2/15/11	\$120,000	\$60,000.00	\$60,000.00
2.	Gift of 500 shares of Pritchett Enterprises, Inc. to Jay Pritchett 2011 Annuity Trust <sup>2</sup>	X	\$124.12	2/15/11	\$124.12	\$62.06	\$62.06
3.	Claire Dunphy (daughter) 25 Iceskating Street Los Angeles, CA 90003  Gift of Cash to the Jay Pritchett 2011 Insurance Trust <sup>3</sup>		\$20,000.00	4/1/11	\$20,000.00	\$10,000.00	\$10,000.00
4.	Haley Dunphy (granddaughter) 25 Iceskating Street Los Angeles, CA 90003  Gift of Cash to the Jay Pritchett 2011 Insurance Trust <sup>3</sup>		\$20,000.00	4/1/11	\$20,000.00	\$10,000.00	\$10,000.00
5.	Alexandra Dunphy (granddaughter) 25 Iceskating Street Los Angeles, CA 90003  Gift of Cash to the Jay Pritchett 2011 Insurance Trust <sup>3</sup>		\$20,000.00	4/1/11	\$20,000.00	\$10,000.00	\$10,000.00

A Item #	B Donee's name, rel to Donor, address & description of gift	C 2632(b) Election out	D Donor's adj basis of gift	E Date of gift	F Value at date of gift	G Gift Split	H Net transfer
6.	Luke Dunphy (grandson) 25 Iceskating Street Los Angeles, CA 90003  Gift of Cash to the Jay Pritchett 2011 Insurance Trust <sup>3</sup>		\$20,000.00	4/1/11	\$20,000.00	\$10,000.00	\$10,000.00
7.	Mitchell Pritchett (son) 132 Avocat Way Los Angeles, CA 90003  Gift of Cash to the Jay Pritchett 2011 Insurance Trust <sup>3</sup>		\$20,000.00	4/1/11	\$20,000.00	\$10,000.00	\$10,000.00
8.	Lily Pritchett - Tucker (granddaughter) 132 Avocat Way Los Angeles, CA 90003  Gift of Cash to the Jay Pritchett 2011 Insurance Trust <sup>3</sup>		\$20,000.00	4/1/11	\$20,000.00	\$10,000.00	\$10,000.00
9.	Manuel Delgado (stepson) 10 Patriarch Drive Los Angeles, CA 90003  Gift of Cash to the Pritchett Family 2011 Insurance Trust <sup>4</sup>		\$2,000.00	4/1/11	\$2,000.00	\$1,000.00	\$1,000.00
10.	Gift of Cash to the Pritchett Family 2011 Insurance Trust <sup>4</sup>		\$8,000.00	4/1/11	\$8,000.00	\$4,000.00	\$4,000.00
<b>TOTAL NET TRANSFER</b>							<b>\$125,062.06</b>



A Item #	B Donee's name, rel to Donor, address & description of gift	C 2632(b) Election out	D Donor's adj basis of gift	E Date of gift	F Value at date of gift	G Gift Split	H Net transfer
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<sup>1</sup> Jay Pritchett 2011 Business Trust ("Jay's Business Trust")  
 (see Jay's Business Trust attached as Exhibit 1)  
 Dated: February 15, 2011  
 Trustee: Frank Dunphy  
 EIN: 27-1234567  
 25 Iceskating Street  
 Los Angeles, CA 90003

COMPUTATION OF GIFT: Gift of 1,000 shares of non-voting common stock of Pritchett Ventures, Inc., a California corporation, to Jay's Business Trust. The gifted shares represent an approximate 10% of the outstanding common stock (both voting and non-voting) of the corporation. The gifted shares are valued at \$12.00/share based on valuation of Los Angeles Appraisals (a copy of which is attached as Exhibit 2).

<sup>2</sup> Jay Pritchett 2011 Annuity Trust ("GRAT")  
 (see copy of GRAT governing instrument attached as Exhibit 3)  
 Dated: February 15, 2011  
 Trustee: Jay Pritchett  
 EIN: 27-2345678  
 10 Patriarch Drive  
 Los Angeles, CA 90003

COMPUTATION OF GIFT: Gift of 500 shares of common stock of Pritchett Enterprises, Inc., a California corporation, to the GRAT. The gifted shares represent an approximate 35% of the outstanding common stock of the corporation. The taxable gift is computed as the total value of the shares transferred to the GRAT (\$750,000.00) less the value of the "qualified annuity interest" retained by the taxpayer with respect to the transferred shares (\$749,875.88) ( $\$750,000.00 - \$749,875.88 = \$124.12$ ). The total value of the shares transferred to the GRAT was determined based on the valuation of Los Angeles Appraisals, which is attached as Exhibit 4. The value of the taxpayer's "retained annuity interest" was computed based on the GRAT calculation sheet attached as Exhibit 5.

<sup>3</sup> Jay Pritchett 2011 Insurance Trust  
 (see Trust attached as Exhibit 6)  
 Dated: April 1, 2011  
 Trustee: Frank Dunphy  
 EIN: 27-3456789  
 25 Iceskating Street  
 Los Angeles, CA 90003

A Item #	B Donee's name, rel to Donor, address & description of gift	C 2632(b) Election out	D Donor's adj basis of gift	E Date of gift	F Value at date of gift	G Gift Split	H Net transfer
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COMPUTATION OF GIFT - During 2011, the taxpayer made cash gifts totaling \$120,000.00 to the Trust.

GIFT TAX EXCLUSION - The present interest exclusion for withdrawal power of the taxpayer's issue is equal to the least of (a) the proportionate share of the value of the property added to the trust during calendar year 2011 and (b) an amount equal to the annual exclusion from the federal gift tax during 2011. Pursuant to these withdrawal rights, the Donor's two children and four grandchildren are entitled to withdraw \$20,000.00 (\$10,000.00 after gift splitting).

<sup>4</sup> Pritchett Family 2011 Insurance Trust  
 (see Trust attached as Exhibit 7)  
 Dated: April 1, 2011  
 Trustee: Frank Dunphy  
 EIN: 27-4567890  
 25 Iceskating Street  
 Los Angeles, CA 90003

COMPUTATION OF GIFT - During 2011, the taxpayer made cash gifts totaling \$10,000.00 to the Trust.

GIFT TAX EXCLUSION - The present interest exclusion for withdrawal power of the taxpayer's wife's issue is equal to the lesser of (a) the proportionate share of the value of the property added to the trust during calendar year 2011 and (b) an amount equal to the annual exclusion from the federal gift tax during 2011. Pursuant to these withdrawal rights, the taxpayer's wife's son is entitled to withdraw \$2,000 (\$1,000 after gift splitting). The remaining \$8,000 (\$4,000 after gift splitting) is a future interest gift to the Trust.

**Part 4—Taxable Gift Reconciliation**

1	Total value of gifts of donor. Add totals from column H of Parts 1, 2, and 3 . . . . .	1	553,062	06
2	Total annual exclusions for gifts listed on line 1 (see instructions) . . . . .	2	105,000	00
3	Total included amount of gifts. Subtract line 2 from line 1 . . . . .	3	448,062	06
<b>Deductions</b> (see instructions)				
4	Gifts of interests to spouse for which a marital deduction will be claimed, based on item numbers <u>2</u> of Schedule A . . . . .	4	134,000	00
5	Exclusions attributable to gifts on line 4 . . . . .	5	0	00
6	Marital deduction. Subtract line 5 from line 4 . . . . .	6	134,000	00
7	Charitable deduction, based on item nos. _____ less exclusions . . . . .	7	250,000	00
8	Total deductions. Add lines 6 and 7 . . . . .	8	384,000	00
9	Subtract line 8 from line 3 . . . . .	9	64,062	06
10	Generation-skipping transfer taxes payable with this Form 709 (from Schedule C, Part 3, col. H, Total) . . . . .	10	0	00
11	<b>Taxable gifts.</b> Add lines 9 and 10. Enter here and on page 1, Part 2—Tax Computation, line 1 . . . . .	11	64,062	06

**Terminable Interest (QTIP) Marital Deduction.** (See instructions for Schedule A, Part 4, line 4.)

If a trust (or other property) meets the requirements of qualified terminable interest property under section 2523(f), and:

a. The trust (or other property) is listed on Schedule A, and

b. The value of the trust (or other property) is entered in whole or in part as a deduction on Schedule A, Part 4, line 4, then the donor shall be deemed to have made an election to have such trust (or other property) treated as qualified terminable interest property under section 2523(f).

If less than the entire value of the trust (or other property) that the donor has included in Parts 1 and 3 of Schedule A is entered as a deduction on line 4, the donor shall be considered to have made an election only as to a fraction of the trust (or other property). The numerator of this fraction is equal to the amount of the trust (or other property) deducted on Schedule A, Part 4, line 6. The denominator is equal to the total value of the trust (or other property) listed in Parts 1 and 3 of Schedule A.

If you make the QTIP election, the terminable interest property involved will be included in your spouse's gross estate upon his or her death (section 2044). See instructions for line 4 of Schedule A. If your spouse disposes (by gift or otherwise) of all or part of the qualifying life income interest, he or she will be considered to have made a transfer of the entire property that is subject to the gift tax. See *Transfer of Certain Life Estates Received From Spouse* in the instructions.

**12 Election Out of QTIP Treatment of Annuities**

Check here if you elect under section 2523(f)(6) not to treat as qualified terminable interest property any joint and survivor annuities that are reported on Schedule A and would otherwise be treated as qualified terminable interest property under section 2523(f). See instructions. Enter the item numbers from Schedule A for the annuities for which you are making this election ▶ \_\_\_\_\_

**SCHEDULE B Gifts From Prior Periods**

If you answered "Yes" on line 11a of page 1, Part 1, see the instructions for completing Schedule B. If you answered "No," skip to the Tax Computation on page 1 (or Schedule C, if applicable). See instructions for recalculation of the column C amounts. Attach calculations.

A	B	C	D	E
Calendar year or calendar quarter (see instructions)	Internal Revenue office where prior return was filed	Amount of unified credit against gift tax for periods after December 31, 1976	Amount of specific exemption for prior periods ending before January 1, 1977	Amount of taxable gifts
2010	Cincinnati, OH	0.00	0.00	0 00
1 Totals for prior periods . . . . .		1 0.00	0.00	0 00
2 Amount, if any, by which total specific exemption, line 1, column D is more than \$30,000 . . . . .		2		0 00
3 Total amount of taxable gifts for prior periods. Add amount on line 1, column E and amount, if any, on line 2. Enter here and on page 1, Part 2—Tax Computation, line 2 . . . . .		3		0 00

(If more space is needed, attach additional sheets of same size.)



**Attached to and made a part of  
United States Gift (and Generation-Skipping Transfer) 2011 Tax Return  
Form 709**

**Taxpayer: Jay Pritchett  
Social Security No: 123-45-6789**

**NOTICE OF ELECTION OUT OF GENERATION SKIPPING TAX EXEMPTION  
ALLOCATION**

	Item # Sched A Part 3	Value of Transfers	Adjustment for Split Gifts	Value of Spouse's Transfer	Adjustment for Spouse's Split Gifts	Value of Gifts Subject to Allocation	GST Exemption <b>NOT</b> Allocated
Name of Trust:  Jay Pritchett 2011 Annuity Trust  EIN: 27-2345678	2	124.12	62.06			62.06	62.06
<b>Total GST Exemption Not Allocated</b>							<b>62.06</b>

**AMOUNT OF GST EXEMPTION NOT ALLOCATED: \$62.06**

If the above described trust is a "GST Trust" within the meaning of Sec. 2632(c)(3)(B), taxpayer hereby elects pursuant to Sec. 2632(c)(5)(A)(i)(II) not to have the deemed allocation provisions of Sec. 2632(c)(1) apply to any lifetime transfers to such Trust made during 2011 and subsequent years. Notwithstanding anything herein to the contrary, pursuant to this election, it is taxpayer's intent that GST exemption shall not be allocated automatically to any lifetime transfers made to such trust during 2011 and during subsequent years.

**Taxpayer: Jay Pritchett**  
**Social Security No: 123-45-6789**

NOTICE OF ALLOCATION OF GENERATION SKIPPING TAX EXEMPTION

	Item # Sched A Part 3	Value of Transfers	Adjustment for Split Gifts	Value of Spouse's Transfer	Adjustment for Spouse's Split Gifts	Value of Gifts Subject to Allocation	GST Exemption Allocated
Name of Trust:  Jay Pritchett 2011 Business Trust  EIN: 27-1234567	1	120,000.00	60,000.00			60,000.00	60,000.00
Name of Trust:  Jay Pritchett 2011 Insurance Trust  EIN: 27-3456789	3-8	120,000.00	60,000.00			60,000.00	60,000.00
Name of Trust:  Pritchett Family 2011 Insurance Trust  EIN: 27-4567890	9-10	10,000.00	5,000.00			5,000.00	5,000.00
<b>Total GST Exemption Allocated</b>							<b>125,000.00</b>

**AMOUNT OF GST EXEMPTION ALLOCATED: \$125,000.00**

The taxpayer allocates to the trusts listed above the smallest amount of the taxpayer's GST exemption necessary to produce an inclusion ratio which is closest to, or if possible, equal to zero. Based upon the information included in this return as filed, the amount of the taxpayer's GST allocated to these trusts is \$125,000.00. This is a formula allocation that will change if values are changed on audit.