

Private Annuity

Case Name				Default Case
Client's First Name	John	Private Annuity Type	Life	
Client's Last Name	Doe	Term	10	
Date of Transfer	12/27/2002	Number of Lives	One Life	
Section 7520 Rate	8.0%	Nearest Age of Life 1	65	
Beginning Principal	1,000,000	Nearest Age of Life 2	0	
Beginning Basis	250,000	Subject to Rev.Rul. 77-454?	No	
Annual Increase of Annuity	0.0%	Growth Rate of Principal	10.0%	
Annuity Payment Period	Annual	Duration Calculation Method	Auto	
Pay at Begin or End of Period?	Begin of Period	Fixed Duration	10	
Years Deferred	0			

General Analysis*John Doe - Default Case*

General

Type of Annuity	Life
Date of Transfer	12/27/2002
Section 7520 Rate	8.0%
Beginning Principal	1,000,000
Beginning Basis	250,000
Nearest Age of Life 1	65
Life Status	Single
Subject to Rev.Rul. 77-454	No

Annuity Information

Annuity Payment Rate	10.6963%
Annuity Payment Period	Annual
Payments Made at Beginning or End of Period?	Begin of Period
Annual Increase Percentage	0.0%
Years Deferred	0
Annuity Factor	9.3490
Annuity Payment Per Year	106,963
Ordinary Income Portion	58,183
Capital Gain Portion	36,585
Tax Free Portion	12,195

Ending Values

Years of Life Expectancy	17.2
Adjusted Expected Return Multiple	20.5
Year of Final Exclusionary Payment Portion	21
Duration Calculation Method	Auto
Years of Trust Duration	17
Cumulative Annuity Payments	1,818,376
Cumulative Ordinary Income Portion	989,108
Cumulative Capital Gain Portion	621,951
Cumulative Tax Free Portion	207,317
Growth Rate of Principal	10.0%
Ending Principal	283,995

Private Annuity

Annual Cash Flow and Payments

John Doe - Default Case

General

Type of Annuity	Life
Annuity Payment Rate	10.6963%
Annuity Payment Period	Annual
Pay at Beginning or End of Period?	Begin of Period
Annual Increase Percentage	0.0%
Years Deferred	0

Ending Values

Years of Duration	17
Cumulative Annuity Payments	1,818,376
Ending Principal	283,995

Year	Beginning Principal	Annual Growth	Annual Payment	Ending Principal
1	1,000,000	89,304	106,963	982,340
2	982,340	87,538	106,963	962,915
3	962,915	85,595	106,963	941,547
4	941,547	83,458	106,963	918,042
5	918,042	81,108	106,963	892,186
6	892,186	78,522	106,963	863,745
7	863,745	75,678	106,963	832,460
8	832,460	72,550	106,963	798,046
9	798,046	69,108	106,963	760,191
10	760,191	65,323	106,963	718,551
11	718,551	61,159	106,963	672,746
12	672,746	56,578	106,963	622,361
13	622,361	51,540	106,963	566,938
14	566,938	45,997	106,963	505,972
15	505,972	39,901	106,963	438,909
16	438,909	33,195	106,963	365,141
17	365,141	25,818	106,963	283,995

Private Annuity

Annual Payment Breakdown

John Doe - Default Case

General

Type of Annuity	Life
Annuity Payment Rate	10.6963%
Annuity Payment Period	Annual
Payments Made at Beginning or End of Period?	Begin of Period
Annual Increase Percentage	0.0%

Ending Values

Years Deferred	0
Years of Duration	17
Cumulative Annuity Payments	1,818,376
Cumulative Ordinary Income Portion	989,108
Cumulative Capital Gain Portion	621,951
Cumulative Tax Free Portion	207,317

Year	Annual Payment	Ord Income Portion	Capital Gain Portion	Tax Free Portion
1	106,963	58,183	36,585	12,195
2	106,963	58,183	36,585	12,195
3	106,963	58,183	36,585	12,195
4	106,963	58,183	36,585	12,195
5	106,963	58,183	36,585	12,195
6	106,963	58,183	36,585	12,195
7	106,963	58,183	36,585	12,195
8	106,963	58,183	36,585	12,195
9	106,963	58,183	36,585	12,195
10	106,963	58,183	36,585	12,195
11	106,963	58,183	36,585	12,195
12	106,963	58,183	36,585	12,195
13	106,963	58,183	36,585	12,195
14	106,963	58,183	36,585	12,195
15	106,963	58,183	36,585	12,195
16	106,963	58,183	36,585	12,195
17	106,963	58,183	36,585	12,195