The Best Zero Tax Planning Tools

How to Maximize Tax-Efficient Lifetime Income, Transfers to Heirs and Gifts to Favorite Charities

BY TIM VOORHEES, JD, MBA

This special excerpt of *The Best Zero Tax Planning Tools* contains only Chapter 9 and the *Conclusion*. To order the entire book, please visit www.ZeroTaxCounsel.com.

Chapter 9

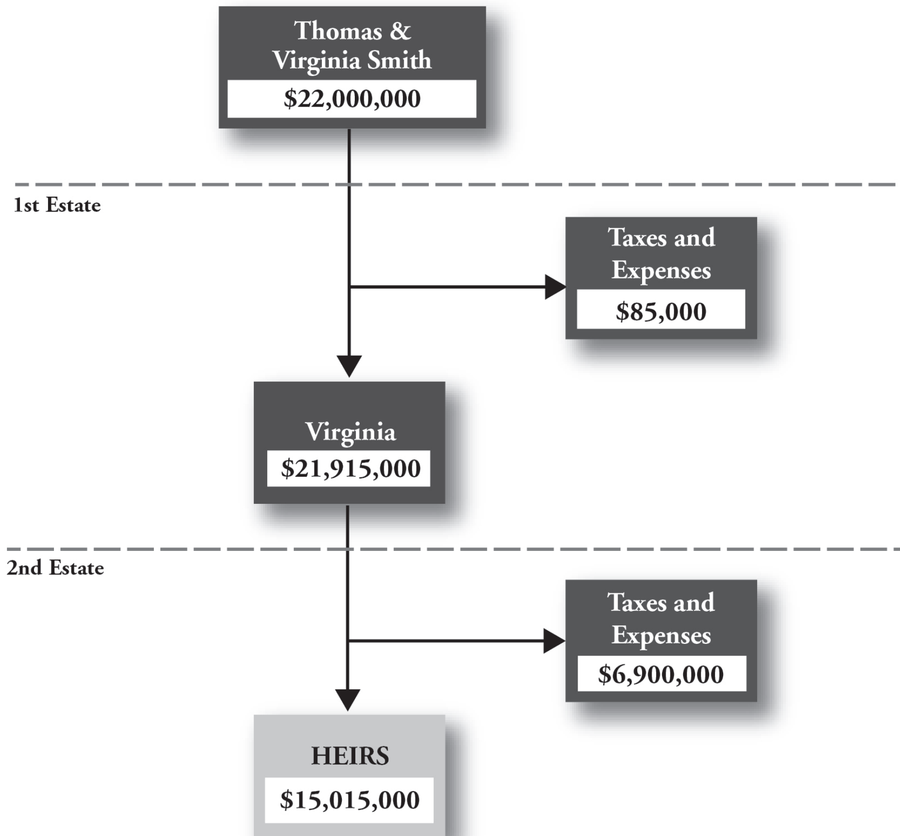
Twelve Tax Planning Tools Can Be Optimized to Minimize Taxes and Maximize Benefits for Retirement, Family, and Favorite Charities

Thomas and Virginia Smith achieved substantial benefits from designing, drafting and funding the Dynasty Trust tactical plan discussed in the previous chapter. They then used the Blueprint process to complement the Dynasty Trust with other planning instruments. This lowered taxes dramatically while generating more wealth for their retirement, their family, and their favorite charities.

Using a Blueprint to Monitor Tax Efficiency

Initially, the Smiths had a net worth of more than $22 million with substantial tax exposure because, like many wealthy couples, they had done no significant planning.[38] As shown in the graphics at the end of this chapter, the Smiths developed a plan to enhance after-tax income, eliminate more than $8 million of taxes, transfer tax savings to a family foundation, and give more than $20 million to their children. The Smiths realized millions of planning benefits for a relatively modest cost. More important than the financial benefits, however, was the peace of mind that came from knowing that the Smiths had projected a secure after-tax retirement income while establishing mechanisms to transfer the right amount of assets and income to heirs at the right time.

Before the Smiths began the Blueprint process, they were expected to waste $6.9 million on taxes and transfer less than $15 million of their $22 million to heirs. The baseline flowchart below shows the Smiths' estate distribution diagram before the planning began. The Smiths were paying substantial unnecessary taxes while failing to use appropriate trusts to transfer control, management, and ownership of assets to beneficiaries at the right time. In fact, like many wealthy individuals, the Smiths had a plan that transferred assets to heirs only when Thomas and Virginia died. Because of this failure to plan, the Smiths were not heeding the wisdom to "do your giving while you're living so you're knowing where it's going."

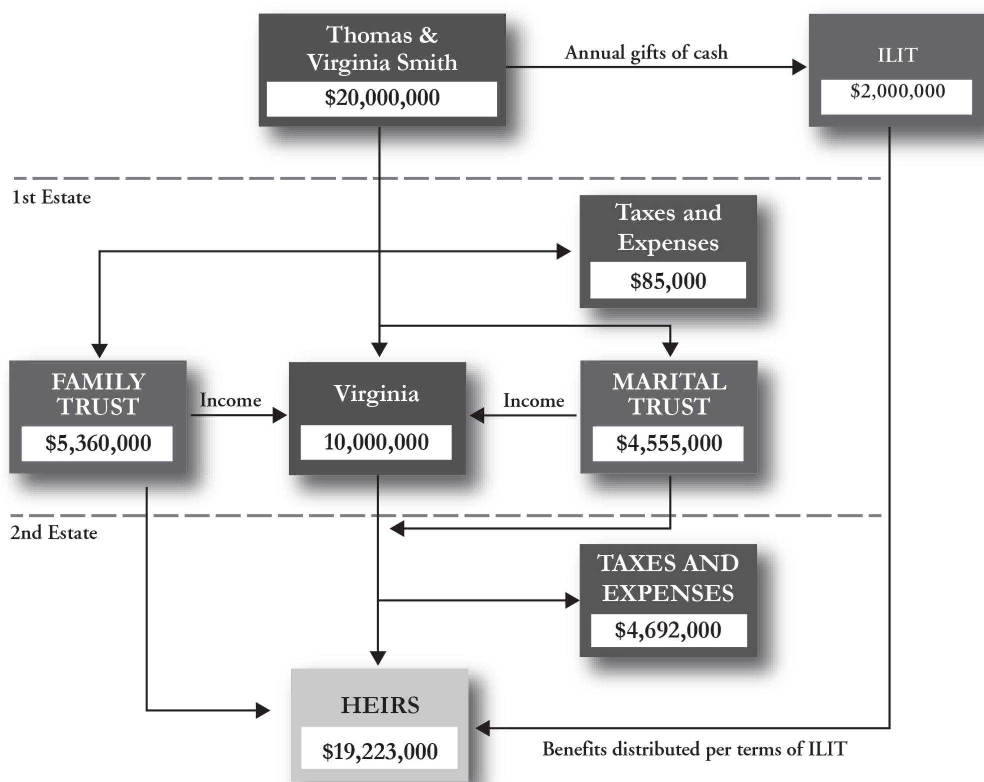


Starting with the Revocable Living Trust (RLT)

By developing a Basic Wealth Blueprint, Thomas and Virginia put in place the AB trust (Tool 1 of 12). This lowered their estate taxes if they died in the current year, but left them highly exposed to estate taxes on the portion of their wealth that exceeded the available exemption at death. They knew they wanted to use a series of irrevocable trusts to zero-out unnecessary taxes on the large portion of their estate that was subject to taxation, but they also knew that they needed to take their time with designing irrevocable trusts. Before transferring their business, home and other key assets to irrevocable trusts, the Smiths wanted to think through how to transfer ownership, management, and control to their children at the right time and in the right way.

Adding the Irrevocable Life Insurance Trust (ILIT)

While waiting to transfer their primary assets to irrevocable trusts, the Smiths were willing to put a safety-net in place by funding insurance in an Irrevocable Life Insurance Trust (Tool 2 of 12). The insurance was a second-to-die policy guaranteeing that if either Thomas or Virginia died with a taxable estate, the heirs would pay the taxes with the death benefit from the insurance paid to the insurance trust. The trust was funded with a gift and loan from Thomas and Virginia's estate. The Smiths had four married children, each of whom had two grandchildren who were eligible for annual gifts of $14,000 each from Thomas and Virginia. Because there were a total of eight second-generation heirs and eight third-generation heirs, a total of 16 heirs could benefit from the life insurance trust. Thomas and Virginia could, therefore, contribute $14,000 per year for each of the 16, meaning they could give a total of $224,000 to the trust each year as a gift without any current gift taxes. Contributing $224,000 for a few years allowed Thomas and Virginia to fund an insurance policy with a $2 million death benefit.



The insurance death benefit would not only pay the estate tax if legal tools were not fully implemented to zero-out the tax, but the policy would also allow for the Smiths to accumulate cash value. Thomas and Virginia elected to have the cash value grow in a way that would let them make tax-free wash loans from the trust. (If the policy has a wash loan feature, the crediting rate on the cash value in the policy will equal the interest rate on the money borrowed from the life insurance company. In such cases, the

borrowing transaction is cash-flow neutral to the insured, and the insured receives tax-free loan money without having to use loan proceeds to pay interest.) The trustee provisions of the ILIT were designed so the loans could be paid to Virginia throughout her lifetime if she needed retirement income in the event of Tom's premature death. This added feature of providing retirement income appealed to the Smiths because they could accumulate retirement funds with minimal taxes. They could use their annual exclusion gifts to fund tax efficient growth of capital within the trust while planning to take the money out tax efficiently as a secure source of retirement income. The Smiths realized that accumulating money in the life insurance trust was more tax efficient than accumulating money through a traditional, qualified retirement plan because traditional plans are subject to large potential taxes on distributions.

Adding Dynasty Trust Provisions

As the Smiths were working with their lawyer to draft the life insurance trust, their attorney asked them if they wanted to add Dynasty Trust (Tool 3 of 12) features. In effect, the attorney would be using generation-skipping tax provisions to allow the wealth to accumulate outside of the estate of not only Thomas and Virginia and their children, but also their grandchildren and great-grandchildren. The trust could break into separate shares at a later time for each of the living descendants. Each separate Dynasty Trust could have special-incentive trust provisions to encourage the descendants to use the money tax efficiently. The Smiths greatly appreciated this opportunity to design their irrevocable trusts to give the right amount of asset ownership and cash flow to their beneficiaries at the right time, while transferring management and control responsibilities to the most responsible heirs. The Smiths had much greater comfort about moving assets to irrevocable trusts when they saw how the trusts could reflect their dreams for each of their children and grandchildren.

A Basic Plan with just an AB Trust, ILIT, and Dynasty Trust provisions lowered taxes from $6,400,000 to under $4,300,000. Moreover, the plan allows the heirs to receive almost $4,200,000 of additional inheritance. The grid below shows how the projected inheritance for the heirs increased from only $15,000,000 on the original plan to almost $19,200,000 on the Basic Plan. Although the cost of drafting the AB Trust, ILIT and Dynasty trust might be $10,000 or more, the total expense is a small fraction of the expected tax savings. In fact, as is typical with advanced tax planning, the legal expenses should be less than 1% of the increased inheritance to the heirs.

Comparison of Benefits

If Death Occurs in Current Year

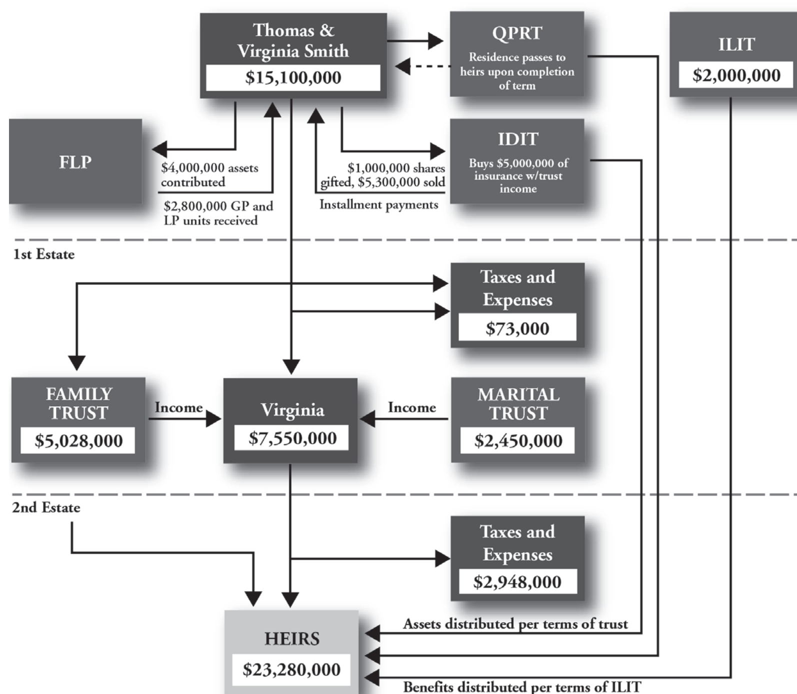
	EXISTING PLAN	PROPOSED PLAN
HEIRS RECEIVE IMMEDIATELY	$15,015,000	$19,223,000
FAMILY FOUNDATION	-	-
ESTATE TAX	$6,437,000	$4,335,000

	PROPOSED PLAN SUMMARY
INCREASED NET TO HEIRS	$4,208,000
INCREASE TO FAMILY FOUNDATION	-
ESTATE TAX SAVING	$2,101,000

Leveraging the Blueprint

After funding the insurance trust with appropriate policies, the Smiths sought to reduce taxes and reduce annual insurance premiums by developing a Leveraged Plan. The Leveraged Plan could increase the inheritance to the heirs to over $23,300,000 and generate estate tax savings of $2,700,000. The Leveraged Plan added the QPRT, FLP, and IDIT.

Leveraged Plan Distribution Program
Death Occurs in 2014



To transfer their home out of their estate tax efficiently, the Smiths created a Qualified Personal Residence Trust (QPRT). The QPRT (Tool 4 of 12) allows the Smiths to live in their homes throughout their lives but then transfer them to heirs with minimal transfer taxes. After a term of years (determined by the Smiths), they can start to pay rent to their children and, therefore, make tax-efficient transfers to children without the usual gift-tax-planning challenges.

The Smiths appreciated how the QPRT leveraged reduced estate taxes by compressing the value of their estate using various discounting techniques. Their advisers then showed the Smiths how they could establish a Family Limited Partnership (FLP) for business purposes that would have the ancillary benefit of creating discounts for limited partners. When creating the FLP (Tool 5 of 12), the Smiths moved their marketable securities and income-producing real estate into a Family Limited Partnership that was divided into a general partnership interest (which they retained), and limited partnership interests (which they began giving to trusts for the benefit of their children). The limited partnership interests were subject to a variety of liquidity, marketability, and fractional share discounts that justified appraising the limited partnership interests at 65% of the value of the underlying assets.

Appreciating the Powerful Benefits of the IDIT

After the appraiser issued his appraisal opinion regarding the FLP value, the limited partnership interests were sold to an intentionally defective irrevocable trust (IDIT). By selling to the IDIT (Tool 6 of 12), the Smiths were able to move most of the assets outside of their taxable estate—thereby freezing what was left in the taxable estate. Moreover, the Smiths had the satisfaction of knowing that future growth on their primary assets would occur outside of their estate, inside the Family Limited Partnership interest that was owned by the intentionally defective trusts.

When creating the intentionally defective trust, the Smiths realized four significant tax benefits:

- First, they wanted to circumvent the gift taxes that would result from just gifting their limited partnership interests to the trust, so instead of gifting interests to the trust, they sold the interests to the IDIT.
- By selling, they avoided gift taxes, but because the trust was a defective trust, they also avoided recognition of capital gains taxes upon the sale.
- Moreover, the Smiths knew that the future growth of their estate would then be outside of their taxable estate, thereby avoiding estate taxes.
- To minimize ordinary income taxes, the Smiths took back a note when the trust bought their assets. This note made regular monthly payments throughout their lifetime. Normally, such a note generates ordinary income; however, in this case, the Smiths had all the note interest paid from the tax-sheltered rent from their real estate. Therefore, interest on the note was taxed at a much lower tax rate.

By adding the three leveraging tools (the QPRT, FLP, and IDIT) to the three basic tools (the AB Trust, ILIT, and Dynasty Trust), the Smiths were able to realize the benefits of the Leveraged Plan shown in the diagrams below.

The Leveraged Plan dramatically improved on the current plan by generating the increased transfers to heirs and the estate tax savings shown in the box below.

Comparison of Benefits

If Death Occurs in Current Year

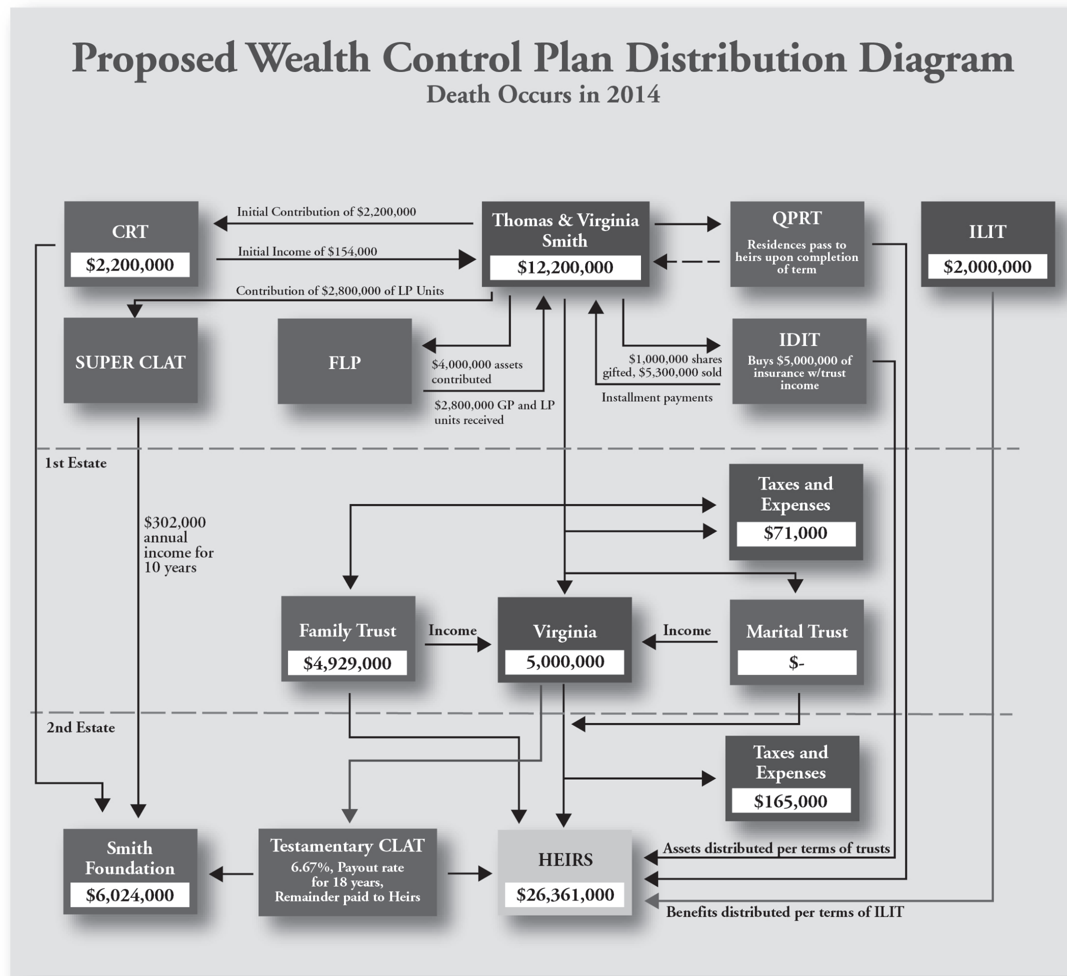
	EXISTING PLAN	PROPOSED PLAN
HEIRS RECEIVE IMMEDIATELY	**$17,105,000**	**$23,279,000**
FAMILY FOUNDATION	-	-
ESTATE TAX	**$4,347,000**	**$2,683,000**

	PROPOSED PLAN SUMMARY
INCREASED NET TO HEIRS	**$6,175,000**
INCREASE TO FAMILY FOUNDATION	-
ESTATE TAX SAVING	**$1,664,000**

The Basic and Leveraged Plans reduced the Smiths' transfer taxes and increased the inheritance for their children but did not generate significant income taxes benefits. Because the Smiths wanted to redirect all of their tax money to their favorite causes, they talked with their advisers about reducing estate and income taxes more significantly by using a Total Wealth Control Plan. This plan would improve upon the Leveraged Plan by adding a CRT, TCLAT, Super CLAT, and Public Family Foundation. The flowchart on the following page shows how these four new charitable tools have been added to the three tools used in the Leveraged Plan and the three tools used in the Basic Plan.

Integration of these instruments in the Total Wealth Control Plan increases (from the current plan) the inheritance to heirs to $26,400,000, eliminates estate taxes, and redirects more than $6 million of tax money to charity.
In addition to providing the future elimination of estate taxes and larger inheritance for the heirs, the Total Wealth Control Plan produces immediate income-tax deductions. As illustrated in the charts on the next page, the Smith family would receive more than $2,000,000 of income tax deductions from the charitable tools. The Smiths can use these tax write-offs this year and in the subsequent five years.

Adding Tools with Significant Philanthropic and Tax Benefits



To generate a substantial lifetime income, the Smiths sold appreciated securities in a Charitable Remainder Trust (CRT). The CRT (Tool 7 of 12) gave them four significant tax benefits:

- First (as mentioned above), it gave the Smiths a deduction against their income tax in the current year and up to five subsequent years.
- Second, it allowed them to sell appreciated securities assets tax-free.
- Third, the Smiths were able to accumulate their wealth in a tax-efficient environment, thereby allowing them to generate ordinary income or short-term capital gains without paying current income taxes.
- Fourth, the Smiths arranged to take money out tax efficiently so they could live on income taxed at capital gains rates, or even tax-free income, during their retirement years.

The Smiths designed the CRT to pay them substantial payments each month. This gave them assurance that they would have ample retirement income for as long as they lived. Once they had secured this lifetime income, the Smiths began to realize they did not need all of their wealth. The Smiths considered giving a portion of this wealth to their favorite charities and to their children. The TCLAT allowed the Smiths to transfer money tax-efficiently to their children while redirecting wealth to charity that would have just been spent on taxes. The TCLAT (Tool 8 of 12) complemented the charitable remainder trust as explained below.

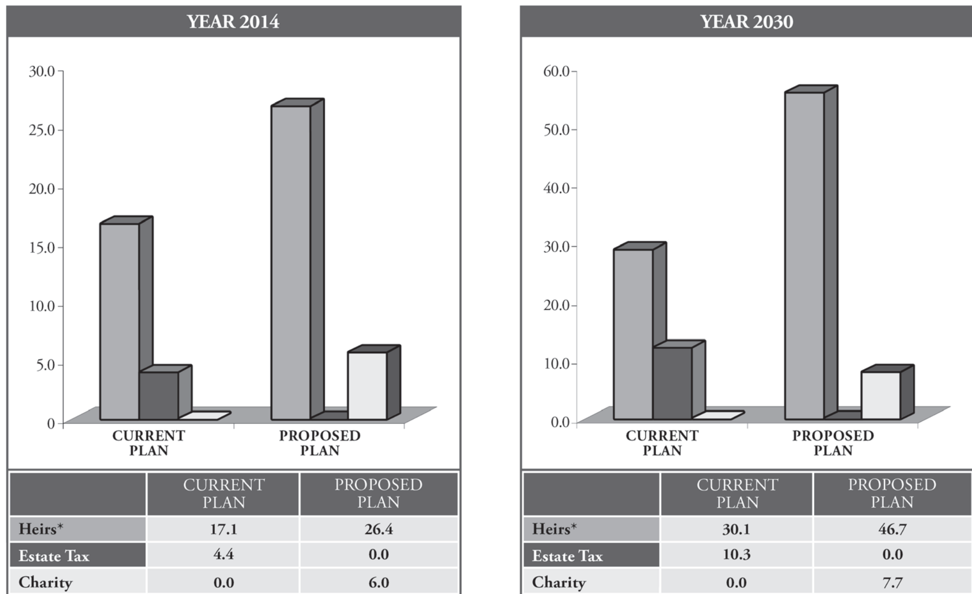
As the Smiths recognized the power of the TCLAT as a technique to eliminate transfer taxes, they asked if they could use the TCLAT as a lifetime technique instead of a testamentary vehicle. They were delighted to learn that the lifetime version of the TCLAT can provide not just transfer tax reduction, but income tax reduction as well. The lifetime CLAT, known as the Super CLAT (Tool 9 of 12), works especially well for clients who give a large portion of their income to charity. A properly designed Super CLAT can help a client maintain an existing annual giving plan while transferring more wealth to non-charitable beneficiaries.

Whereas the Charitable Remainder Trust gave lifetime income to the Smiths and transferred the principal to charity, a Charitable Lead Trust gave the income to the charity and transferred the principal to the family. Because of how these tools complemented each other, it was possible for the Smiths to balance their desire to have secure lifetime income with a desire to help family and favorite charities.

The CRT and CLATs produced significant gifts for charity. So that the Smiths could retain maximum control over the management and disbursement of charitable funds, they created a Public Family Foundation (Tool 10 of 12). Their attorney drafted the Public Family Foundation to include Smith family members on a board that would decide how to invest the money, how to pay the money through salaries to board members, and how to disburse money at the right time to charities that best upheld ideals from the grantmaking policy of the Smith family.

By adding the four total wealth control tools (the CRT, TCLAT, Super CLAT, and PFF) to the three leveraging tools (the QPRT, FLP, and IDIT) and to the three basic tools (the AB Trust, ILIT, and Dynasty Trust), the Smiths were able to realize the benefits of the Total Wealth Control Plan shown in the

following comparison of benefits charts. The Total Wealth Control Plan dramatically improved on the leveraged plan by generating more after-tax income, increasing transfers to heirs, and providing the estate-tax savings shown in the boxes on the following grid.



YEAR 2014

	CURRENT PLAN	PROPOSED PLAN
Heirs*	17.1	26.4
Estate Tax	4.4	0.0
Charity	0.0	6.0

YEAR 2030

	CURRENT PLAN	PROPOSED PLAN
Heirs*	30.1	46.7
Estate Tax	10.3	0.0
Charity	0.0	7.7

** A portion of the benefit to heirs in the proposed plan is shown at gross value, even where discounting strategies are in effect.*

COMPARISON OF BENEFITS

IF DEATH OCCURS IN CURRENT YEAR

	EXISTING PLAN	PROPOSED PLAN
INCOME TAX DEDUCTIONS	$ -	$ 2,034,000
HEIRS RECEIVE IMMEDIATELY	$ 17,105,000	$ 20,613,000
HEIRS RECEIVE FUTURE BENEFITS FROM CLAT	$ -	$ 5,748,000
FAMILY FOUNDATION	$ -	$ 6,024,000
ESTATE TAX	$ 4,347,000	$ -

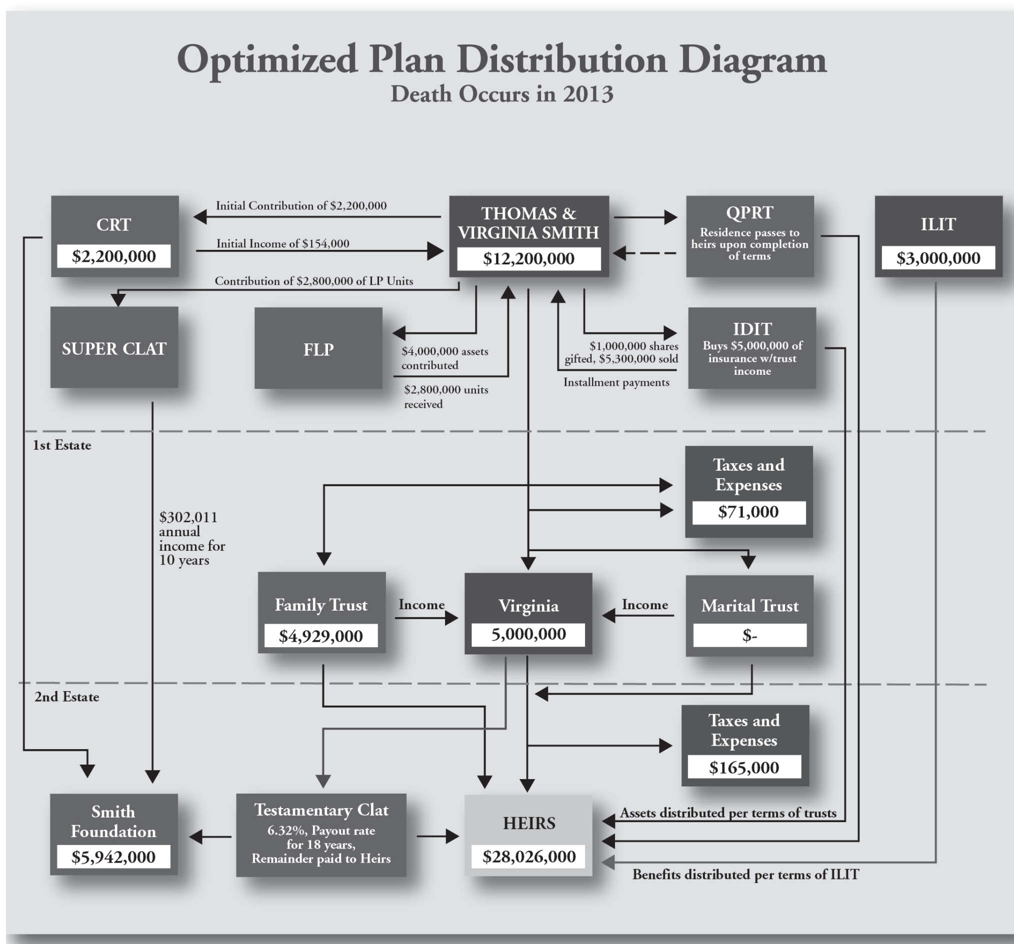
	PROPOSED PLAN SUMMARY
INCREASED INCOME TAX DEDUCTIONS	$ 2,034,000
INCREASED NET TO HEIRS	$ 9,256,000
INCREASE TO FAMILY FOUNDATION	$ 6,024,000
ESTATE TAX SAVING	$ 4,347,000

Optimizing the Blueprint

After the Smiths committed to the legal instruments in the Basic, Leveraged, and Total Wealth Control Plans, they began to wonder how they could enhance their overall plan by finding the optimal combination of the ten different estate planning tools they were considering. They realized the design of each of the tools depended upon several different mathematical variables that were subject to many different possible outcomes. The Smiths realized they needed a financial adviser who could run numbers to show them different ways to design each of their trusts.

The Smiths, therefore, found an attorney who had expertise with estate optimization (Tool 11 of 12). The attorney reviewed each of the Smiths' trusts and suggested ways to adjust the returns on the assets funding the trusts while also adjusting the pay-out from the trust in a way that improved the overall tax benefits and cash available for the Smiths and their heirs. By running a series of different calculations, the attorney showed the Smiths how they could generate the right balance of tax-efficient lifetime income, transfers to heirs, and transfers to their family foundation.

The attorney realized that the estate optimization depended very much on how assets were invested inside each of the portfolios. In fact, all nine of the proposed estate planning tools in the Basic, Leveraged, and Total Wealth Control Plans required an Investment Policy Statement (IPS). The IPS used portfolio optimization techniques (Tool 12 of 12) to illustrate different rates of return under different market conditions in order to achieve the cash flow objectives of each of the trusts. After calculating how much cash flow would be paid from the trust, the IPS showed how remaining

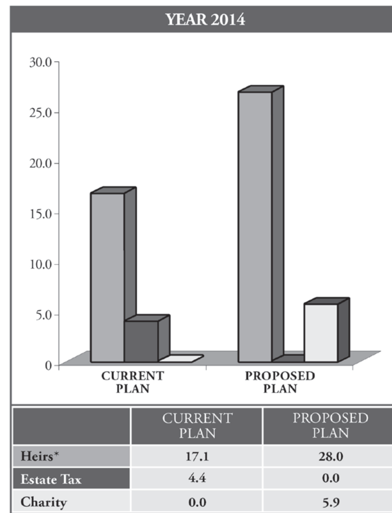


cash would accumulate within the trust to maximize wealth available for heirs and charity. The IPS helped the Smiths understand how to get the best return after fees, after taxes, after trading decisions and after inflation; thus, the Smiths could be confident they had the best portfolio. In addition, by recording their desires in a written Investment Policy Statement, the Smiths could have a clear standard by which to judge the decisions of their investment advisers.

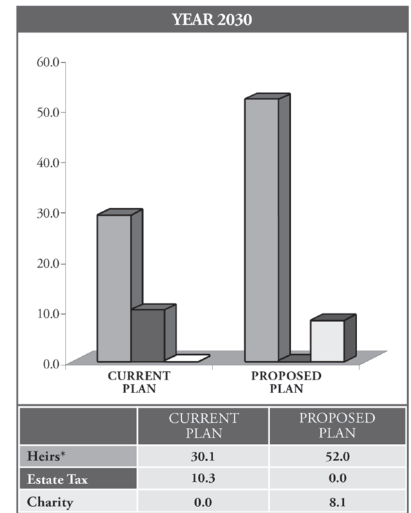
COMPARISON OF BENEFITS

DOLLARS IN MILLIONS

Heirs* Estate Tax Charity



	CURRENT PLAN	PROPOSED PLAN
Heirs*	17.1	28.0
Estate Tax	4.4	0.0
Charity	0.0	5.9



	CURRENT PLAN	PROPOSED PLAN
Heirs*	30.1	52.0
Estate Tax	10.3	0.0
Charity	0.0	8.1

** A portion of the benefit to heirs is qualified plan money. Withdrawals from these plans will be treated as ordinary income.*

As shown above, the Smiths used estate and portfolio optimization methodologies to achieve true wealth maximization. By using wealth optimization software, planners enhanced the Total Wealth Control Plan to generate $3,400,000 of income tax deductions, zero-out estate taxes, transfer more than $26.98 million to heirs, and redirect more than $6 million of tax money to charity. The table below shows the incremental benefits attendant to using additional planning tools as the client progressed from the Basic Plan to the Leveraged, Total Wealth Control

Comparison of Benefits

If Death Occurs in Current Year

	EXISTING PLAN	PROPOSED PLAN
INCOME TAX DEDUCTIONS	-	$3,446,000
HEIRS RECEIVE IMMEDIATELY	$17,105,000	$22,186,000
HEIRS RECEIVE FUTURE BENEFITS FROM CLATs	-	$5,839,000
FAMILY FOUNDATION	-	$5,942,000
ESTATE TAX	$4,347,000	-

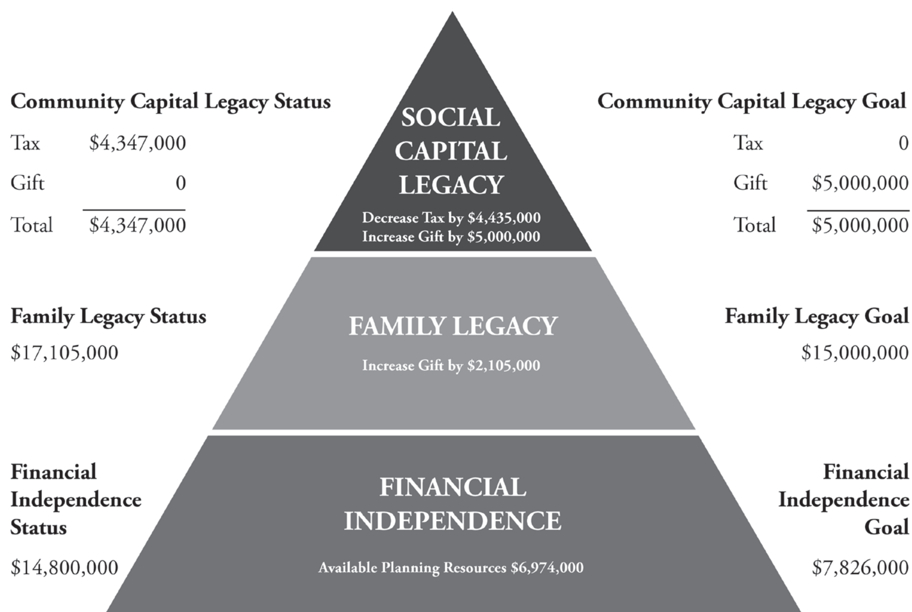
	PROPOSED PLAN SUMMARY
INCREASED INCOME TAX DEDUCTIONS	$3,445,000
INCREASED NET TO HEIRS	$10,921,000
INCREASE TO FAMILY FOUNDATION	$5,942,000
ESTATE TAX SAVING	$4,347,000

and Optimized Plans. The table shows only numerical benefits. As explained on the following pages, adding tools to a plan can produce numerous non-financial benefits as well. Nonetheless, a simple examination of just the financial benefits makes it is obvious that the benefits of planning can exceed the costs by many millions of dollars. In fact, as is typically the case, the tax savings exceed the planning costs by at least 100 to 1. (Please note that all of the numbers above are in current dollars. A Full Blueprint will typically project the net worth, inheritance amounts, and cash flow numbers out for several decades.)

Benefits of Enhancing Your Blueprint

	Current	Basic Blueprint	Leveraged Blueprint	Total Wealth Control Blueprint	Optimized Blueprint
Heirs Receive	$15,000,000	$19,200,000	$23,300,000	$26,400,000	$28,000,000
Charity Receives	-	-	-	$6,000,000	$5,900,000
Estate Tax	$6,400,000	$4,300,000	$2,700,000	-	-
Income Tax Deductions	-	-	-	$2,000,000	$3,400,000

The process of adding tools allows the Smiths to see clearly how they move from their original plan to their proposed plan. A pyramid, like the one pictured to the right, shows how developing the proposed plan can help the Smiths lock in financial independence with ample tax cash flow, accumulate extra wealth to increase the inheritance for heirs, and ultimately redirect Community capital to charity instead of to taxes.



The blueprinted benefits can be summarized on a pyramid showing wealth available for financial independence, family, and favorite charities.

The benefits accumulating across time on the above four plans and illustrated in the table above are typically much larger than those described in the above paragraphs.

The benefits shown in the above case study provide

clear documentation of how individuals can manage their wealth by progressively adding more planning tools to their approach as they move from their original plan to the Basic Plan, and then enhance the Basic Plan to create Leveraged, Total Wealth Control, and Optimized Plans. More important than the tax savings, the Smiths have the satisfaction of knowing that their hard-earned wealth will not be wasted on unnecessary taxes. Most importantly, the Smiths can delight in knowing they have put in place trusts that will transfer their values, as well as the value of what they own, to their children and community in a manner that maximizes retirement security, gifts to family, and donations to favorite charitable causes.[39]

Conclusion

How to Maximize Tax-Efficient Lifetime Income, Transfers to Heirs and Gifts to Favorite Charities

Ralph Waldo Emerson reminds us that, “it requires a great deal of boldness and a great deal of caution to make a great fortune, and when you have got it, it requires ten times as much wit to keep it.”[40] Experience teaches that it is hard to accumulate wealth, harder to maintain it, and hardest to give it away prudently. Wealth is difficult to preserve and protect because of the relentless assaults from taxes, potential creditors, and misguided heirs.

The patriarch and matriarch who accumulated the wealth are most likely to maintain and give away wealth in harmony with their values if they follow a time-tested, covenantal process. They must articulate their purpose, process, principles and priorities in a way that guides the beneficiaries of their provision and prepares heirs to the best use of present and potential resources.

A trained wealth adviser must clarify covenantal ideals that guide selection of the best business- and tax-planning vehicles. The wealth adviser must first help the G1 wealth creators hold onto enough income and control as long as they are alive. They must then help clarify how much after-tax income and control is enough for each individual in future generations. The wealth adviser can also help clients prepare the next generation of decision-makers to make decisions in harmony with core values, while increasing the value of assets that transferred to their beneficiaries.

On each step of the way along the pathway toward envisioned ideals, tax planning is both a sword and shield. Family leaders can use tax planning proactively as a sword to motivate decision-makers to take actions that lead to the design, drafting, and funding of appropriate trusts. Tax planning is also a shield that lowers taxes on income and allows for far greater accumulation of wealth for retirement cash flow, transfers to beneficiaries and gifts to favorite charities.

If, as a reader, you are like most wealthy people, you first took interest in this book because of an interest in zeroing-out taxes on income and wealth transfers. The concepts discussed in the previous chapters can certainly help you eliminate unnecessary taxes. Nonetheless, as you reflect on the issues attendant to zero tax planning, you should also see why Congress provides tax incentives to encourage Americans to create trusts that give loved ones much more than just tax savings.

Trained wealth advisers know how to take full advantage of tax incentives while helping clients implement solutions for costs that often amount to less than 1 or 2 percent of the total tax savings. In most cases, planning benefits far exceed the costs of implementing a plan for realizing your goals regarding resources, vision, governance, values, cash flow, and legacy.

Clients inspired to develop a zero tax plan must evaluate their level of commitment. Does the motivation from planning come mostly from the desire to lower taxes, or from an interest in seeking wise counsel, or from a passion for leaving the most meaningful legacy? Answering this question might be easier if reflecting on the answers to questions posed by a man whose journey along his pathway was disrupted by an encounter with three men working in a quarry.

The traveling man happened upon the three men as they labored under the hot sun. The traveler asked the men what they were doing. The first man responded, “I am slaving away at minimum wage cutting rocks. Can’t you see?” The second man answered, “I am sharpening my skills as a master stonemason. I expect to be the highest paid rock cutter in the entire nation.” The third man stepped back from his work and looked skyward. With dreamy words, he shared his excitement as he proclaimed that he was, “inspiring dozens of stonemasons to cut stones to build a majestic cathedral to glorify God!”

All three men in the above story shared a common task. Yet all three men viewed their work very differently. The man laboring to build the cathedral had a compelling sense of purpose that inspired him to enjoy what the first man hated and the second man did for mere earthly rewards. Moreover, the man focused on glorifying God had the passion and purpose to unite a team in realizing a divinely-inspired vision. The quarry worker with the higher purpose can inspire all of us to view what we do each day as building a castle in the sky.

If you choose to develop ideas from this book, then your purpose statement should resonate with your soul at a deep level while reflecting character qualities inspired by God. Images that define your purpose should coalesce

into an evolving sense of vision that inspires you to realize uncommon goals.

Clients can use the tools in this book to lower taxes, but this pursuit, even if producing millions of additional dollars of wealth for the family, may not provide lasting enjoyment. Greater pleasure may result from working with the most technically competent advisers to create the best plan that planning resources allow. Ultimately, however, a client focused on mere tax savings or technical prowess may find no more fulfillment than the first two quarry workers.

Greater joy and meaning derives from viewing planning as a process that glorifies God and helps a family enjoy God-given resources across the generations. Qualified wealth advisers can help families pursue a divinely-guided process through the identification of resources, clarification of calling and purpose, collaboration of advisers, ranking of priorities and principles, redirecting of tax money to higher causes, and preparation of heirs. Developing a plan with these six elements helps clients reflect essential elements of God's character, as explained in endnote #8 (regarding communication of divine attributes through the covenants revealed in Scripture).

Of course, pursuing timeless covenantal ideals can also produce substantial temporal benefits. Clients can design tools to uphold elements of the covenant and then integrate them using a Blueprint that illustrates more tax-efficient lifetime income, greater transfers to heirs, and larger gifts to favorite charities.

While covenantal ideals can remain constant across the generations, the Blueprint can evolve. Even if tax laws and favored tax instruments change, the Blueprint can guide updates to planning instruments so clients can capture new tax benefits. Family members can review the Blueprint during family meetings to help decision-makers unite around plans for using growing amounts of wealth to fund God-honoring ideals.

As family members and their advisers quest along a pathway toward a dreamy vision of the future, the Blueprint can inspire everyone to uphold the six aspects of the covenant described throughout this book while generating more tax-efficient wealth for funding the family's ideals. Therefore, it is this Covenantal Blueprint Process that may be the best of the zero tax planning tools.

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