

Wealth Management Consultants, Inc.

Income Tax Projection for 2000

The following assumptions were made in this projection:

1. Salary and withholding were projected through 2000 based on the recent paystub you provided. Other Clientco imputed income items are estimated based on 1999 levels.
2. The spinoff and sale of Spinoffco shares is reflected in the capital gains section of this projection. The transaction generated 6,370.8 shares sold at \$10 per share. Your gain on this transaction is \$32,496 long-term and (\$856) short term.
3. Capital gain estimates are listed for funds. Gains taxes on any asset sales can be reflected in future estimated payments if necessary.

It may be favorable to exercise your 1993, 1994 and 1995 option grants, particularly to cover construction costs. **If you choose to exercise any options, withhold at the maximum level.** This projection does not show any exercises; however, any exercises that take place with maximum withholding will not affect your estimated payment schedule.

The table below shows your upcoming tax payments to Illinois and the IRS, assuming that your restricted share payout is withheld at maximum rates.

	Federal	Illinois
April 15, 2000	\$27,500	\$0
June 15, 2000	27,500	0
September 15, 2000	27,500	0
December 31, 2000	0	10,000
January 15, 2001	27,500	0

**John and Mary Sample
2000 Income Taxes**

INCOME:	<u>AMOUNT</u>
Clientco Salary	\$375,000
Clientco Bonus	325,000
401(k) Salary Deferral - IIP	(10,500)
Salary and Bonus Deferred Compensation	(73,500)
Restricted Stock Dividends	43,750
Car Allowance	13,200
Insurance	900
Aircraft Use	12,500
Gross Up - Other	13,656
Country Club	5,000
Flex Credits	(4,049)
<i>Subtotal Clientco Compensation - John</i>	<i>\$700,957</i>
STATE TAX REFUNDS:	
Illinois	3,621
PORTFOLIO INCOME:	
Clientco Dividends—John *	39,818
Other Dividends*	108,000
Taxable Interest*	3,250
CAPITAL GAINS (LOSSES)*:	
Short Term	63,144
Long Term	231,496
PASSIVE INCOME/(LOSS):	
Net Passive Income / (Loss)	<u>0</u>
TOTAL INCOME	<u>\$1,150,286</u>
ADJUSTMENTS TO INCOME	
Self-employment tax (1/2 deductible as business expense)	<u>\$0</u>
 ADJUSTED GROSS INCOME	 <u>\$1,150,286</u>

* See attached schedule.

**John and Mary Sample
2000 Income Taxes**

	<u>Amount</u>
ADJUSTED GROSS INCOME	<u>\$1,150,286</u>
DEDUCTIONS	
Charitable Contributions—Cash	\$10,000
1999 IL Income Taxes Paid in 2000	0
2000 IL Income Taxes Paid in 2000	32,340
Other State Income Taxes	0
Real Estate Taxes—Chicago	21,000
Real Estate Taxes—Pleasant Lake	9,500
Miscellaneous Deductions*	0
Personal Exemptions	0
Less 3% of AGI over \$128,950	<u>(30,640)</u>
TOTAL DEDUCTIONS	<u>\$42,200</u>
FEDERAL TAXABLE INCOME	<u>\$1,108,086</u>
Federal Regular Income Tax	\$366,127
Alternative Minimum Tax	<u>0</u>
Total Federal Income Tax	\$366,127
Total State Income Tax	<u>33,251</u>
TOTAL INCOME TAXES	<u>\$399,378</u>

* See attached schedule.

**John and Mary Sample
2000 Income Taxes**

	Federal	Illinois
2000 Liability	<u>\$366,127</u>	<u>\$33,251</u>
1999 Liability	<u>\$1,653,415</u>	<u>\$203,739</u>
Withholding Needed*	<u>\$339,500</u>	<u>\$33,251</u>
Withholding to be Made:		
Clientco W-2 Withholding		
Salary	\$90,143	\$7,656
Bonus (39.6%)	128,700	9,750
Other	<u>12,250</u>	<u>1,313</u>
Total Withholding	\$231,093	\$18,719
Refund Applied	0	3,621
Estimated Tax Payments:		
April	27,500	0
June	27,500	0
September	27,500	0
December	0	10,000
January	<u>27,500</u>	<u>0</u>
Total Tax Payments Made	<u>\$341,093</u>	<u>\$32,340</u>
Tax Due (Refund) April 2001	<u>\$25,033</u>	<u>\$911</u>

* 100% of 2000 tax liability for Illinois.

Lesser of 108.6% of 1999 or 90% of 2000 liability for Federal plus \$10,000 cushi

**John and Mary Sample
2000 Income Taxes**

2000 ALTERNATIVE MINIMUM TAX

	<u>Amount</u>
ADJUSTED GROSS INCOME	\$1,150,286
Add:	
ISO Bargain Element	0
Passive Losses Allowed	0
Less:	
Charitable Contributions	10,000
Mortgage Interest	0
AMT Exemption	<u>0</u>
 ALTERNATIVE MINIMUM TAXABLE INCOME	 <u>\$1,160,286</u>
 ALTERNATIVE MINIMUM TAX @ 20%	 \$46,299
ALTERNATIVE MINIMUM TAX @ 26%	45,500
ALTERNATIVE MINIMUM TAX @ 28%	<u>211,061</u>
 TOTAL ALTERNATIVE MINIMUM TAX	 <u>\$302,860</u>
 REGULAR INCOME TAX	 <u>\$366,127</u>
 CUSHION/(OVERAGE)	 <u>\$63,266</u>

**John and Mary Sample
2000 Income Taxes**

2000 ILLINOIS INCOME TAXES

INCOME	<u>ILLINOIS</u>
Federal Adjusted Gross Income	\$1,150,286
<i>Add:</i>	
Tax Exempt Interest Taxable in Illinois	0
<i>Less:</i>	
State Tax Refunds	(3,621)
US Treasury Interest	0
Exemption	(3,300)
TAXABLE INCOME	<u>\$1,143,365</u>
ILLINOIS TAX @ 3%	\$34,301
Real Estate Tax Credit (5% of Real Estate Taxes)	(1,050)
TOTAL ILLINOIS TAX	<u>\$33,251</u>

**John and Mary Sample
2000 Income Taxes**

DIVIDENDS

CLIENTCO UNRESTRICTED DIVIDENDS—JOHN

December 31,854	\$1.250	<u>\$39,818</u>
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\$39,818

CLIENTCO RESTRICTED DIVIDENDS—JOHN

December 35,000	\$1.250	<u>\$43,750</u>
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\$43,750

OTHER DIVIDENDS

Mutual Funds:

Schwab Value Advantage	14,000
Vanguard 500 Index	27,000
Vanguard Value Index	32,000
BT International	17,500
Price International Stock	<u>17,500</u>

Total	<u>\$108,000</u>
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INTEREST

DESCRIPTION	<u>TAXABLE</u>	<u>TAX EXEMPT</u>	<u>TOTAL</u>
Clientco Credit Union Checking	\$3,000	\$0	\$3,000
Clientco Credit Union Savings	<u>250</u>	<u>0</u>	<u>250</u>
	<u>\$3,250</u>	<u>\$0</u>	<u>\$3,250</u>

**John and Mary Sample
2000 Income Taxes**

MISCELLANEOUS DEDUCTIONS

Professional Fees	\$12,000
Legal/Estate Planning Fees	0
Tax Preparation Fees	2,200
Other	<u>150</u>
Total Miscellaneous Deductions	\$14,350
Less 2% of AGI Floor	<u>(23,006)</u>
Deductible Portion	<u><u>\$0</u></u>

**John and Mary Sample
Capital Gains and Losses**

<u>Description</u>	<u>Shares</u>	<u>Sales Date</u>	<u>Sales Proceeds</u>	<u>Original Purchase Date</u>	<u>Tax Cost Basis</u>	<u>Capital Gain (Loss)</u>	
						<u>Short Term</u>	<u>Long Term</u>
Spinoffco Sales:							
Spinoffco	181.4	3/15/00	\$1,814	8/30/91	\$634	\$0	\$1,180
Spinoffco	531.4	3/15/00	5,314	9/13/91	1,858	0	3,456
Spinoffco	1025	3/15/00	10,250	11/12/93	3,699	0	6,551
Spinoffco	125.4	3/15/00	1,254	12/31/93	541	0	713
Spinoffco	12	3/15/00	120	3/25/94	42	0	78
Spinoffco	8	3/15/00	80	4/8/94	28	0	52
Spinoffco	3789.8	3/15/00	37,898	2/10/99	17,432	0	20,466
Spinoffco	1.2	3/15/00	12	10/29/99	12	0	0
Spinoffco	583.2	3/15/00	5,832	12/31/99	7,009	(1,177)	0
Spinoffco	113	3/15/00	1,130	1/27/00	809	321	0
Spinoffco	0.4	3/15/00	4	1/31/00	4	0	0
Mutual Funds:							
Vanguard 500 Index						32,000	48,000
Vanguard Value Index						32,000	80,000
BT International						0	36,000
Price International Stock						0	<u>35,000</u>
Total Gain or (Loss)						\$63,144	\$231,496