CUMMINGS & LOCKWOOD LLC

PLANNING FOR THE TRANSFER OF A HEDGE FUND OR PRIVATE EQUITY INTEREST

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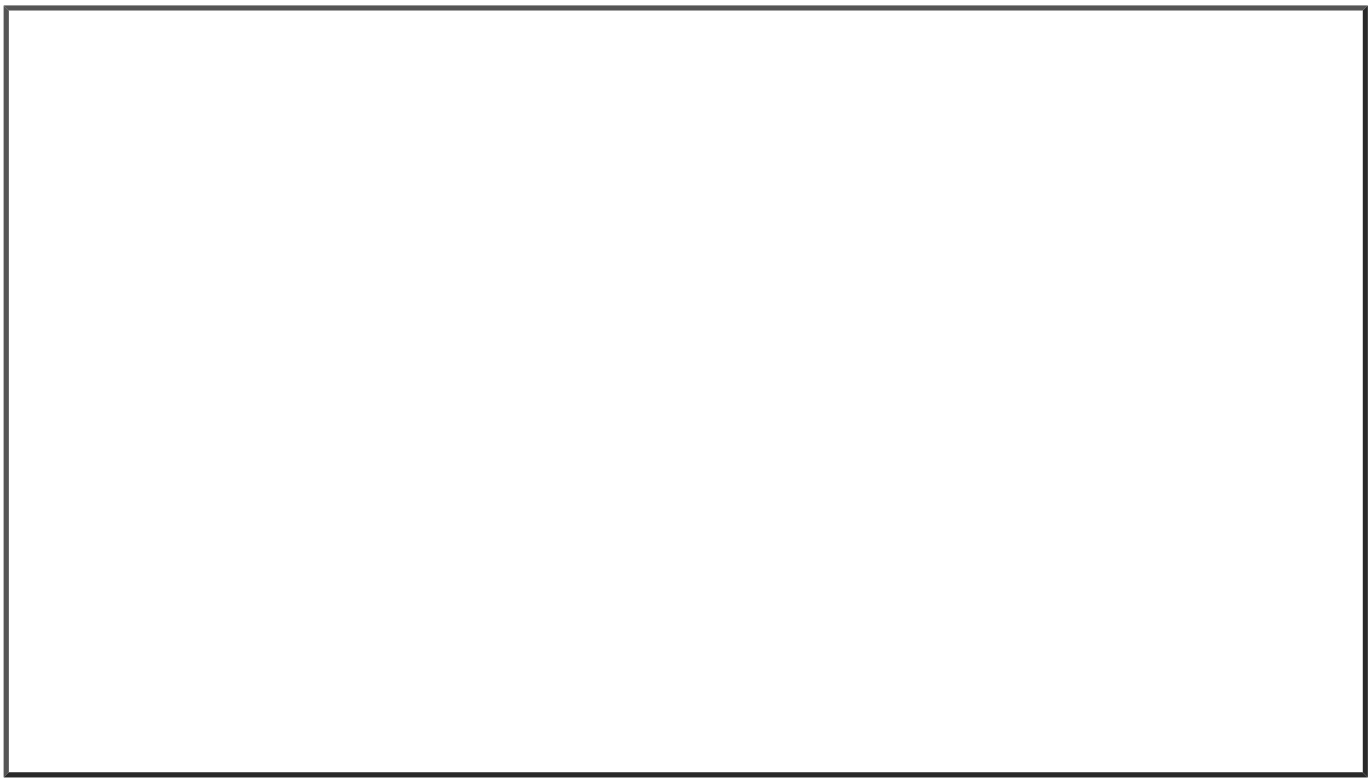
In this presentation, Daniel G. Johnson, a trusts and estates attorney in Cummings & Lockwood's Stamford, Connecticut office, discusses the planning available for owners of hedge funds or private equity firms, including common techniques such as GRATs and Installment Sales, as well as new possible techniques (Derivative Overlays) and the Vertical Slice Safe Harbor rules. (25:11)

Presentation Outline

1. Establishing the Structure
   a. Management Limited Liability Company
   b. General Partner Limited Liability Company
   c. Fund Limited Partnership
2. Carried Interests
   a. Hedge Funds
   b. Private Equity Funds
3. Management Company
4. Vertical Slice Planning
5. Use of LLC to Hold Vertical Slice Interests
6. Vesting Issue
7. Grantor Retained Annuity Turst ("GRAT")
8. Zeroed-Out CLAT
9. Sale to Defective Grantor Trust (SDGT)
10. Derivative Contract