



## ***The Steve Jobs Legacies***

Pancreatic cancer robbed the world of a true genius on October 5, taking Apple founder Steve Jobs at the age of 56. Today's corporate CEOs are rarely shy about promoting themselves, but Jobs has been legitimately compared to Thomas Edison and Henry Ford. His Apple Corporation changed our relationship with technology. Apple's original Macintosh popularized the PC mouse and changed the way we interact with computers. Pixar Studios set a new standard in film animation. Apple's iPod changed the way we listen to music. And Apple's iPhone, love it or hate it, has changed how millions of us communicate with family, friends, and colleagues.

Here are two more tangible measures of Jobs's success:

1. On July 28, Apple Corporation had more cash on hand (\$76.2 billion) than the United States government (\$73.8 billion).
2. Just two weeks later, on August 8, Apple briefly surpassed ExxonMobil as the most valuable corporation in the world.

What's next - more money than God?

Well, at least some smart tax planning. Jobs was obviously as shrewd about business as he was smart about technology. His net worth, which reached as high as \$8.3 billion ranked him #39 on the 2010 Forbes 400 list of the country's richest people and #110 on their list of the world's billionaires. Not bad for a college dropout! Ironically, the bulk of his fortune came from Disney stock he received for selling Pixar in 2006 - Jobs was Disney's largest shareholder and owned 7.4% of the company, with a stake worth more than \$4.4 billion. (Does it surprise you to hear that a stock-for-stock deal let him defer tax on the gain until selling the Disney shares?)

Jobs acquired most of his Apple stock in 2006 as well, when it was trading at \$64.66/share and was worth \$325 million. Since then it has grown six-fold, to \$2 billion. If Jobs had sold it before his death, he would have owed tax of 15% on the capital gain. But by holding it until his death, he lets his heirs inherit it with a "stepped-up basis." That means they could sell it immediately and pay no capital gain on the growth during his lifetime. If they sell down the road, they'll owe tax only on the growth from the date of his death.

Of course, his estate may also be subject to estate tax. Congress dropped the ball and let that tax expire entirely in 2010 before bringing it back, for this year and next, at a flat 35% on estates over \$5 million. However, just as Jobs deferred income tax on the sale of his Pixar stock, his estate can defer estate tax on any amounts left to his wife.

Jobs's estate can also avoid tax on any amounts left to charity. High-profile billionaires like Jobs typically take up philanthropy after they make their pile. Microsoft founder Bill Gates and Berkshire Hathaway founder Warren Buffett, for example, have led the way in pledging to give away the bulk of their fortunes and even established the "Giving Pledge" to persuade their fellow wealthy elites to give away at least half of their fortunes. Jobs left little hint of any charitable

intentions, and in fact, Apple Corporation doesn't even match employees' gifts! But Jobs is rumored to be the source of an anonymous \$150 million donation to the Helen Diller Family Comprehensive Cancer Center at the University of California, San Francisco. And his wife Laurene sits on several prominent boards, including Teach for America.

We realize that you don't enjoy quite the same fortune that Steve Jobs did! But the same strategies that let Jobs maximize *his* wealth and legacy can help you maximize *your* wealth and legacy too. The key, as always, is *planning*. So call us when you're ready for a plan!