

*For those making investments ten to twenty years ago with the future in mind, the future has arrived! Many of these investments made years ago have significantly increased in value.*

*At the same time, these investments frequently produce little or no actual income. Now is the time to sell the assets and enjoy the fruits of a wise investment!*

*But there is one problem. Few planned to watch the value of an asset shrink due to the capital gains tax triggered by a sale.*

*If you find that you are in this position, the Tax-Free Sale may offer you several benefits.*

As a result, Mr. and Mrs. Smith receive the full proceeds from the sale of their portion of the property.

What about that additional income for retirement? By agreement, the CRT will make annual payments equal to 6% of the value of the trust. In our example, this equals \$6,000 the first year. Even more impressive, the estimated annual payments will total \$216,000 over the couple's life expectancy!

The Tax-Free Sale plan is just one of many strategies that takes advantage of tax laws developed to encourage and reward the spirit of philanthropy. If you would like to receive personalized information on how charitable planning can help you realize your goals, we invite you to call or complete and mail the attached form.



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## Tax-Free Sale



## A Story of Objectives Realized

# Sell Tax-Free and Increase Income

Thanks to growth in our economy over the past three decades, many individuals and families find themselves reaping the rewards of astute investment decisions made a number of years ago.

For example, Mr. and Mrs. Smith bought land a little more than a decade ago. Growth in the area has caused the value of their land to increase from the original price of \$50,000 to a fair market value of \$200,000.

Now the Smiths would like to sell the land and reinvest the proceeds in a way that will generate a retirement income.

However, the shrinkage caused by the capital gains tax – a tax on the growth of the original investment – drastically reduces the attractiveness of selling the land.

## The Tax-Free Sale

The Tax-Free Sale is tailored for friends who find themselves in this situation. It is a plan built around the use of a versatile financial plan known as a Charitable Remainder Trust (CRT). The CRT simply takes advantage of the tax laws that encourage the support of charity:

The CRT has three significant benefits:

- Bypass of capital gains tax
- Charitable income tax deduction
- Lifetime income stream

The illustration shows how the CRT makes it possible for the Smiths to actually sell the property tax-free, get some much needed cash for the first phase of their retirement, and benefit from an increased income stream for the rest of their lives.

First, Mr. and Mrs. Smith transfer a portion of the property into the CRT. As the name suggests, the CRT is charitable in nature. As a result, the Smiths receive a charitable income tax deduction for the value transferred to the CRT. The couple retain ownership of the portion of the property not transferred to the CRT.

When the property is sold, the CRT bypasses up to 100% of the capital gains tax due on the portion of the land it owns. While the Smiths do owe capital gains tax for the gain on the portion they retained, this gain is offset by the charitable income tax deduction received for their CRT gift.

## For More Information...

I have reviewed your brochure on the benefits of a Tax-Free Sale and:

- I would like to speak with someone who can provide additional information.
- I would like to receive information on other charitable tax planning options.

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State / Zip \_\_\_\_\_

Home Phone \_\_\_\_\_

Work Phone \_\_\_\_\_

E-mail \_\_\_\_\_

*(Please complete and return to the address indicated on the back panel. All inquiries are treated with complete confidence.)*

### Tax-Free Sale

