

The by-product of a smart investment decision made a decade or two ago is often one of those good-news bad-news equations.

While the asset is most likely worth a great deal more than when originally acquired, it may be producing little or no actual income. Adding to the bad news, selling the asset is often less than attractive because of the resulting long-term capital gains tax – a tax that will significantly reduce the reward for investing wisely.

For anyone in this situation, here is some good news. There is a way to redefine the bottom line.

Not only does this more than triple what the couple had been receiving from the property, but the total income distributed to this couple over the next 25 years - their life expectancy is estimated at over \$300,000!

Remember the couple's philanthropic desires? Upon their death the value remaining in the trust passes directly to the designated charitable organization(s).

Maximum Value

With careful planning it is possible to redefine the bottom line. Mr. and Mrs. Sample were able to turn a \$250,000 asset that produced little financial flexibility into immediate liquidity, more than \$300,000 in lifetime income, and a gift to charity of more than a quarter of a million dollars. To learn how a Sale and Unitrust plan can work for you, we invite you to contact us.



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georged@umrh.org
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(This information is provided as an educational service. Personal advisors should always be consulted.)

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Here's a charitable
tax plan that will...



Redefine the
BOTTOM LINE

Reposition Assets, Increase Liquidity, Maximize Value

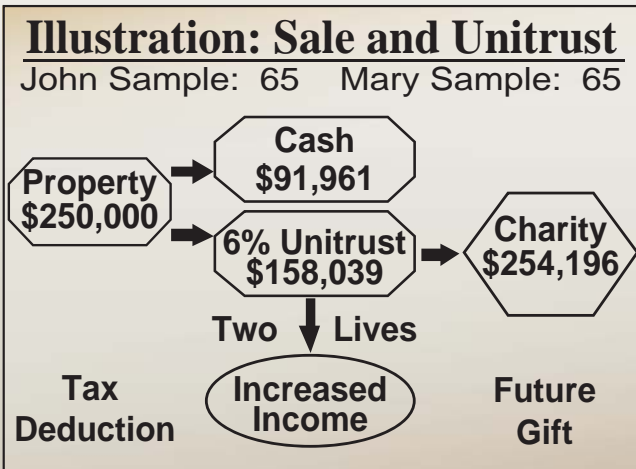
The Sale and Unitrust Plan

While an asset that is worth more today than yesterday may be indicative of a smart investment decision, it can also herald a whole new concern for finding the best way to maximize the asset's value.

Highly appreciated assets often produce an annual income of as little as 1% or 2%. When compared with the possibility to earn more than three times this amount, many families are prompted to consider selling and reinvesting. A sale triggers the capital gains tax, instantly reducing a family's asset value.

However, charitable tax planning can maximize and leverage a highly appreciated, low yield asset to a family's benefit.

Our illustration deals with a piece of property purchased many years ago for \$20,000, valued at \$250,000 today, and producing just enough income to cover taxes and basic maintenance.



Mr. and Mrs. Sample are exploring a plan that would make it possible to realize four significant objectives with this property:

- Increase income for retirement
- Create some immediate liquidity
- Realize a philanthropic dream
- Avoid capital gains taxes

As the Illustration shows, the plan has two parts:

1. The sale of a portion of the property
2. The transfer of a portion into a Charitable Remainder Unitrust, with a tax-free sale of that part.

The unitrust is at the heart of the plan because it represents the couple's desire to provide support for a charity (or charities) at a specified time in the future.

This philanthropic intent on the part of the couple results in a number of benefits:

- A bypass of capital gains tax on the property transferred to the unitrust
- An immediate charitable income tax deduction

The tax savings realized by the income tax deduction offsets the capital gains tax due on the portion of the property sold outright. Hence, Mr. and Mrs. Sample receive cash of \$91,961 and achieve the liquidity they desired.

The benefits of the Sale and Unitrust plan do not end there. By legal agreement, the unitrust creates a stream of annual income equal to 6% of the unitrust value (revalued annually) for the life of the couple. *(continued on back ...)*



For More Information...

I have reviewed the tax savings with a combined Sale and Unitrust:

- 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.)