Leverage the Value of Your Appreciated Assets

With Proper Planning, You Can Reposition a Highly Appreciated Asset

By using an asset repositioning approach in your wealth transfer plan, you may be able to increase your current income and use part of the income to purchase a life insurance policy to provide benefits to your heirs.

Do you have a highly appreciated asset that generates little current income?

Selling the asset outright will create a significant taxable event. However, you may be able to reposition the asset to generate more income in a tax efficient manner, while preserving the value of your estate.

Using a Charitable Remainder Trust (CRT), you can reposition a highly appreciated asset to generate current income and receive a current tax deduction. In addition, the asset is removed from your estate, thus lowering your estate tax obligation.

If you use some of the income to purchase life insurance inside an Irrevocable Life Insurance Trust (ILIT), you can have the added benefit of preserving the value of your estate for your heirs.

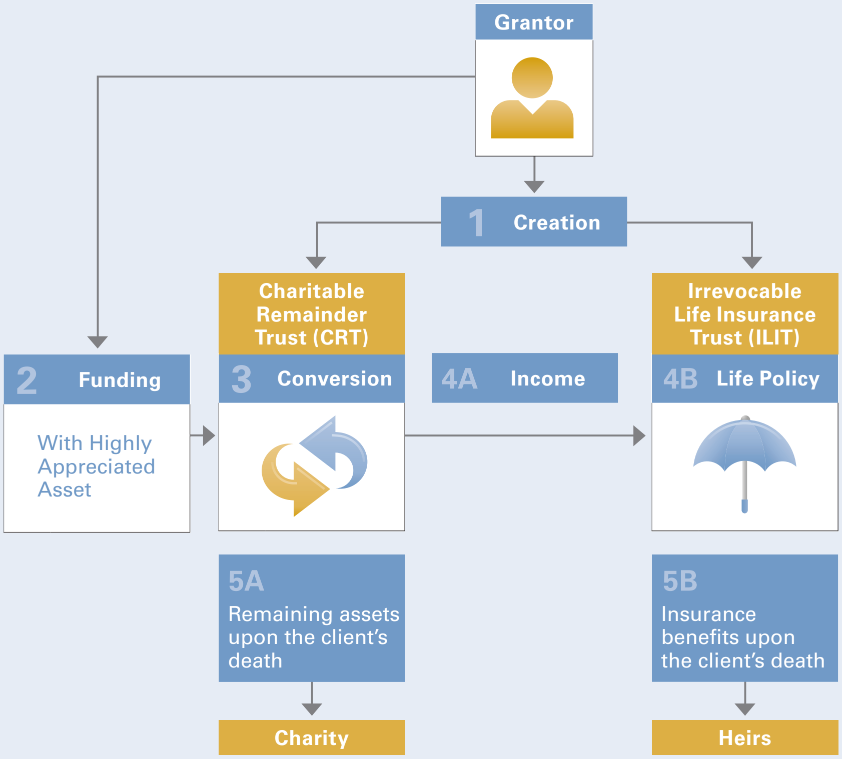
Key Benefits

- Can diversify a highly appreciated asset
- Obtain a current tax benefit
- Generate additional income during your lifetime
- Lower your estate tax obligation
- Preserve the value of your estate for your heirs

There are several types of CRTs available. Your objectives and motivations will make one type of CRT more appropriate than others. Consult with your tax and legal advisors for the proper use of this technique.

Ask your professional advisors today if a Charitable Remainder Trust paired with an Irrevocable Life Insurance Trust (CRT/ILIT) is right for you.

How it Works



Key Benefits

1

Creation Grantor creates:

- Irrevocable Life Insurance Trust (ILIT) with heirs as beneficiaries
- Charitable Remainder Trust (CRT) with charity as beneficiary

Key Benefit: Grantor receives current tax benefit for charitable contribution

2

Funding Grantor funds CRT with a highly appreciated assets

3

Asset Conversion CRT sells appreciated assets and purchases income-producing assets

Key Benefit: Deferred capital gains tax on sale of the appreciated asset

4

Income/insurance

- Income from the CRT portfolio flows to ILIT
- ILIT purchases life policy on grantor, with ILIT as beneficiary

5

Remainder and Benefits Upon the death of grantor:

- Remaining assets in CRT flow to charity
- Insurance benefits flow to heirs

Key Benefit: By having the ILIT as the owner and beneficiary of the life policy, the insurance benefits are not subject to estate tax

Best for Married Individuals With:

- Significant, appreciated assets
- Desire for an enhanced income stream
- Assets which may be subject to estate tax
- High current taxable income
- Desire to provide for heirs
- Some charitable intent