

Sale to Defective Grantor Trust

CHALLENGE: Transfer income-producing or appreciating property to desired beneficiaries in a manner that is advantageous for both income and estate tax purposes.

SOLUTION:



* An irrevocable trust for the benefit of the individual's family that operates as a pass-through to the individual for income tax purposes while being excluded from the individual's estate for estate tax purposes

BENEFITS:

- Remove from individual's estate a portion of future appreciation and income that exceeds required promissory note interest payment.
- Avoid income recognition on note payments during individual's life.
- Tax ongoing trust investment income to the individual instead of the trust to maximize the trust value.