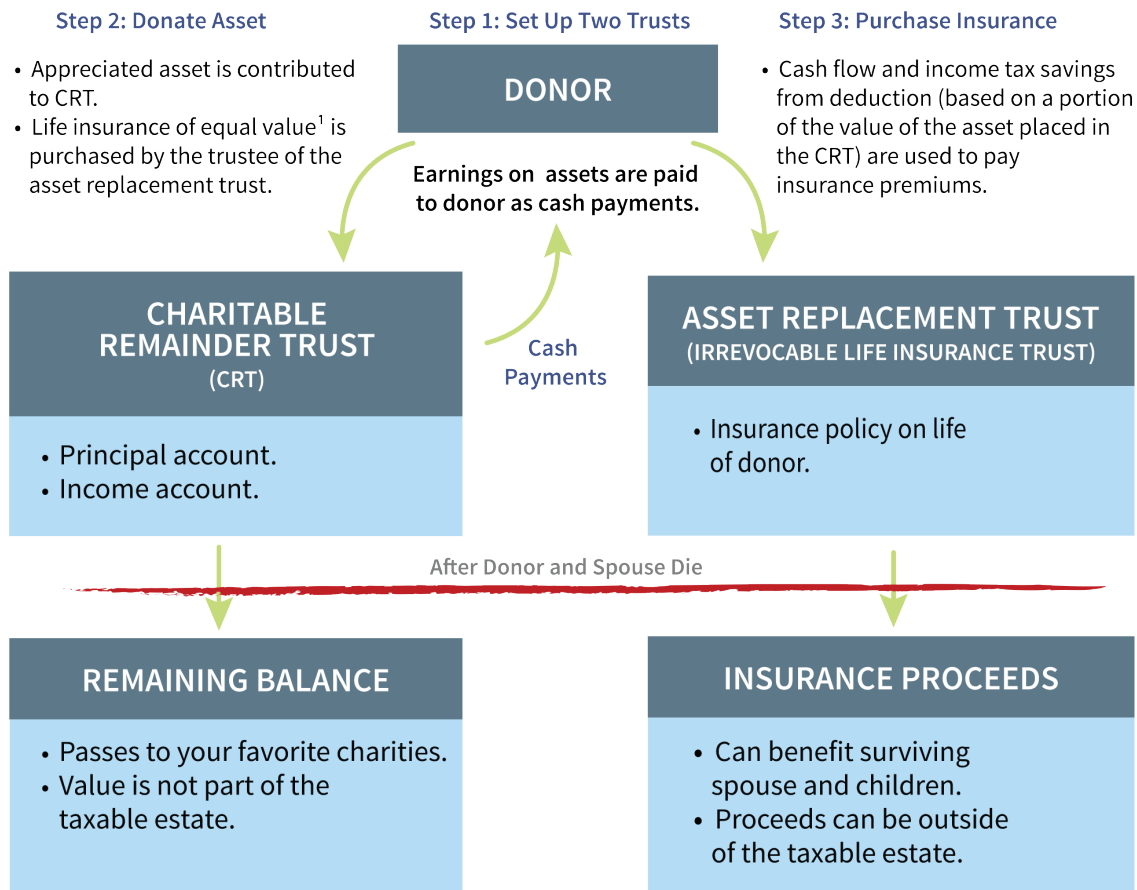


Asset Replacement Trust

The combination of a charitable remainder trust (CRT) and an asset replacement insurance trust can greatly benefit you, your heirs and your favorite charity.



- The CRT can sell the appreciated asset without the trust paying any income tax on the capital gain. By reinvesting this larger amount, the trust can pay to the donor (and spouse, if desired) an expanded income for the rest of their lives.
- The cash payments received by the donor(s) are taxed under a four-tier system. Generally, ordinary income is paid first, followed by capital gain, other income, and trust principal.

The result: An appreciated asset has been given away which will eventually benefit a charity. Additionally, cash flow has increased for life. The value of the asset has been replaced with life insurance payable to the heirs. This combination is a true win-win-win situation.

¹ Where the donated asset faces a significant potential estate tax, some practitioners recommend insurance equal to the after-tax (after paying the estate tax) value of the asset rather than 100%.

Disclosure Notice

The information that follows is intended to serve as a basis for further discussion with your financial, legal, tax and/or accounting advisors. It is not a substitute for competent advice from these advisors. The actual application of some of these concepts may be the practice of law and is the proper responsibility of your attorney. The application of other concepts may require the guidance of a tax or accounting advisor. The company or companies listed below are not authorized to practice law or to provide legal, tax, or accounting advice.

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