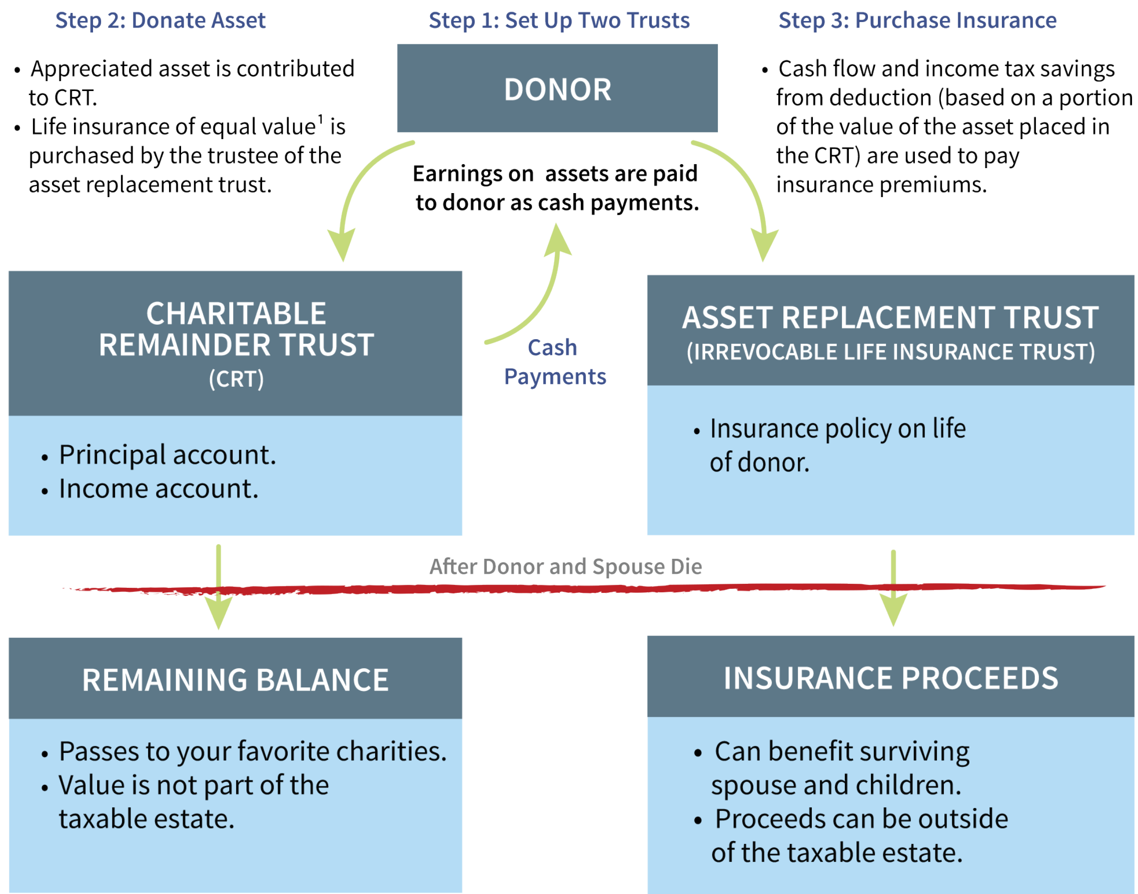
Asset Replacement Trust

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%.

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