

Sale and Unitrust

Glenn and Mary Hopkins purchased stock in a small medical service company several years ago. The company has done well. A larger company is now discussing the possibility of buying the smaller company. Glenn and Mary are looking for a way to save taxes.

Glenn: We were fortunate to invest in the medical services company. Over the years, medical services have become more and more important, especially for senior Americans. We thought this stock would grow and, indeed, it has increased in value.

We paid about \$50,000 for the stock and it is now worth \$400,000. If we were to sell the stock, we would pay a large tax.

It looks like the company may be sold to a larger company. There is no sale agreement yet, but it could happen in the future.

Mary: We have always talked about taking part of that stock and buying a home on the lake. I have found a very nice summer cottage on a nearby lake. The price is approximately \$120,000.

Glenn: How can we take \$120,000 in cash from the value of the stock and not pay tax? We checked with our CPA. He suggested that we talk to a gift advisor at our church. We were happy to discover that we could transfer \$280,000 worth of the stock into a special trust. This trust is called a *unitrust*. When we transfer the stock into that trust, it can then be sold tax free.

Mary: Best of all, we were able to sell the other \$120,000 of the stock for cash. The deduction on the charitable trust saved enough in tax so that we did not have to pay tax on the \$120,000. The full \$120,000 was available to purchase our lake home.

Glenn: This was a wonderful agreement. I am pleased that we were able to set up the trust. We now have income from our *unitrust* and are enjoying our lake home.

For more information on Planned Giving Strategies, please, feel free to ask your Pastor.

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