

Tax-Free Sale

Neil and Susan Smith were age 55 when they purchased some development land outside of town. They thought it would be a good investment that they could later sell for a higher price.

Over the years, the development from the town has moved toward the property and their land is now next to a large commercial store. They now rent the property to the commercial store and it is used for overflow parking.

Neil: We have owned this property for over 10 years. It has been a good investment and increased in value. We have received just enough rental income in the last few years to pay the taxes. However, we now would like to sell.

Susan: It would be nice if we could sell without paying a large tax. Our tax advisor has told us that if we were to sell, there would be a large capital gains tax. We also could use some tax deductions this year.

The good news is that Neil and Susan can use a special trust to receive three very nice benefits. The benefits are:

- **Bypass capital gain**
- **Increase income**
- **Charitable deduction**

Neil: We are delighted with our special trust. The trust has a name and is called a *unitrust*. With our *unitrust*, we saved about \$36,000 in capital gains tax and almost \$18,000 in income taxes. That is over \$54,000 in tax savings!

Susan: Plus, we increased our income. The land was producing almost no income before. Now, we receive over \$12,000 in income each year. This increased income is one of my favorite parts of the plan.

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

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