

# **THE STRUCTURED SALE**

## **For Business**

The only **CASH** sale that utilizes the **Installment method of accounting** to defer the recognition of a gain and related taxes for one or more years, conserves capital, and **guarantees the scheduled Installment payments**, doing so without any on-going costs, expenses, management fees or reinvestment risk.

**For Retiring Sellers, Shareholder / Partnership Buyouts,  
Sellers in poor health,  
or,**

**For any Seller who wants to  
Defer taxes on any portion of a sale - for any reason!**

**The best no out-of-pocket cost, hassle free alternative  
to paying a huge tax bill!**

**FOR THE ALL CASH or LARGE DOWN PAYMENT SALE**  
(including borrowed funds or with Seller's Carry Back Note)

**ANDREW HULL**

CA License: 0465523

TELEPHONE

**(888) 480-0067    (805) 494-0067**

E-Mail

**andy@deferthetax.com**

**[www.deferthetax.com](http://www.deferthetax.com)**

## SITUATIONAL USES OF THE STRUCTURED SALE

**Originally marketed with the Retiring Seller in mind**, there are a variety of other situations in which Sellers can use the Structured Sale to defer taxes, as well as to provide strategically planned income. Whatever the reason, Sellers can now take control of their financial future by designing a schedule of installment income payments that best meets *their needs*.

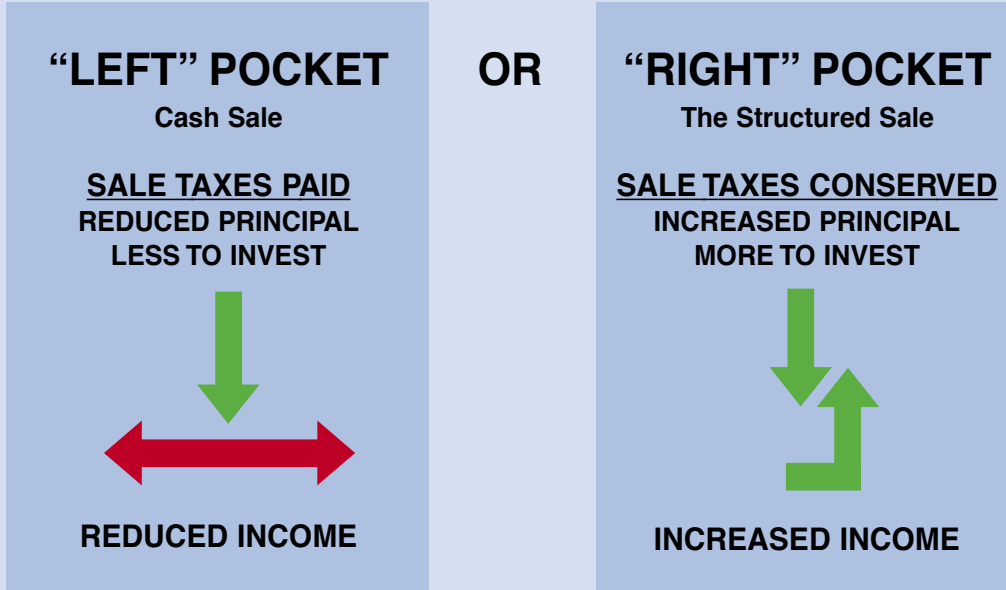
**For the all cash sale (including borrowed funds)** or for the large down payment with a Seller's Carry Back Note. In addition to Retiring Sellers, the following are some additional areas of application:

- **Seller stays on with management service contract:**  
The Seller takes desired amount of cash at closing and lives on the new salary. Installment payments begin when salary ends. NO TAXES are paid on the deferred installment payments until payments begin.
- **Seller starting a new business:**  
Desired amount of start up cash is taken at closing. Installment payments are scheduled for "supportive income" to the Seller, to be offset by anticipated future expenses.
- **Stockholder/Partnership Buyouts:**  
Use today's dollars to guarantee substantial tax-deferred payouts over time. Payments can begin in about a month or be deferred up to 20 years. NO TAXES are paid on the installment payments until payments begin.
- **Seller "burn out/other interests":**  
Seller wants time off to consider "options"/new business. Seller can take desired amount of cash at closing and defer the balance to a specified future date. Schedule installment payments to meet anticipated needs; offset by anticipated expenses.
- **Seller in Poor Health:**  
Offers a Seller the security and peace mind of management free, tax-deferred income, guaranteed!
- **Divorce Sale with non-working spouse:**  
Maximize the tax-deferred income payable to a spouse who is no longer in the work force.

**The only program *in which the Seller* decides  
When and How to pay the tax!**

# WHICH POCKET WOULD YOU FILL?

\$1,000,000.00 SALE



## PAY YOURSELF FIRST

**Management Free Income - Guaranteed today and in the future!**

**No Reinvestment Risk!**

**Example of \$1,000,000 Paid out over time – 20 Annual Payments Guaranteed!**

| <u>ANNUAL INCOME</u> | <u>FIRST PAYMENT DEFERRED</u> | <u>GUARANTEED PAYOUT</u> |
|----------------------|-------------------------------|--------------------------|
| \$ 79,104            | 1 Yr.                         | \$1,582,080              |
| \$ 83,545            | 2 Yrs.                        | \$1,670,900              |
| \$ 98,754            | 5 Yrs.                        | \$1,975,080              |
| \$131,191            | 10 Yrs.                       | \$2,623,820              |

**NO TAX IS PAID DURING THE DEFERRAL PERIOD!**

**Sooner or Later,  
taxes have to be paid, but WHEN and HOW is NOW up to the Seller!**

Depending upon the Seller's tax situation and a payout duration of about 10 years or longer, the guaranteed gain in payments received by the Seller may help to offset a large portion, and in some cases, all of the taxes paid; putting more income in the Seller's pocket, net after-tax. Actual results will vary by Seller and state. (See Cash vs. The Structured Sale)

For a no cost or obligation illustration call (888) 480-0067

By comparison with a Structured Sale, a Seller investing the cash sale amount, net after-tax, may have to earn as much as 10% every year, possibly more, *just to equal the guaranteed payout of the annuity.*

Actual taxes will vary by state and individual Seller. Annuity values are subject to change without notice and cannot be guaranteed until the actual time of sale. The information contained in this brochure and deferthetax.com is intended to be informative and may not be construed as or relied upon as legal or tax advice. Minimum amount required is \$100,000.00. Always consult with your tax and legal advisors. (Sale pursuant to I.R.C. Section 453)

# The Structured Sale

## **A CASH SALE FOR THE BUYER, WITH INSTALLMENT PAYMENTS TO THE SELLER!**

The Structured Sale is based upon a well documented, codified process that is used in the settlement of personal injury claims. Commonly referred to as a Structured Settlement, the documented process of using an Assignment of Obligation is in excess of 25 years. IRC Section 130 (c) (d) (\*See *Cunningham v. Commissioner*, 44 T.C. 103 (1965), acq., 1966-2 C.B. 4; Revenue Ruling 75-457 Amplified 82-122)

**A similar process for the assignment of non-personal injury periodic payment obligations has been in active use by several insurance carriers for well over a decade.** (\*See *Cunningham v. Commissioner*, 44 T.C. 103 (1965), acq., 1966-2 C.B. 4; Revenue Ruling 75-457 Amplified 82-122)

### The Structured Sale (Simplified)

A unique type of Installment Sale whereby specific installment payments are secured by an annuity issued by a major, well known life insurance company.

- 1) The Seller and I design a schedule of installment payments that best meets the Seller's needs. Based upon an anticipated sale price, the Seller decides how much cash to keep at closing and how much to defer by means of an Installment Sale.
- 2) By Addendum to the Sale Agreement, the Seller and Buyer enter into an Installment Sale pursuant to IRC Section 453. The amount of cash to be kept at closing is identified and the cost to the Buyer of the future installment payments portion of the transaction (balance of cash not taken by Seller at closing) is prohibited from being paid directly to the Seller.

The executed Addendum becomes part of the closing documents.

- 3) The Buyer by separate agreement, executes an Assignment of Obligation with a third party assignment company. As the substituted obligor for the Buyer, the assignment company purchases and becomes the owner of the annuity contract and responsible for the schedule of installment payments.

Seller and Buyer execute a Representation document (due diligence form) for the life insurance company.

- 4) The Buyer arranges for the funds to be wired to the assignment company at closing. Upon receipt of the wired funds, the assignment company purchases the annuity contract which secures the installment payments.

\*For a more detailed, step by step explanation and Power Point presentation, go to: <http://www.deferthetax>

- > Perfect for the retiring Seller, or any seller who wants to defer taxes!
- > Ideal for stockholder and partnership buy-outs; settle valuation disputes on a discounted basis.
- > For the Seller who no longer wants management or ownership headaches!
- > Convert your business into safe, predictable income that is guaranteed, and not based upon projections or assumed rates of return!
- > Ideal for the Seller who is staying on in management during the transition!
- > Defer taxes and income payments for a few months, or up to 20 years!
- > NO Taxes are paid during the deferral period, tax-deferred growth continues.
- > Taxes are paid only on the installment payments, as and when received by the Seller, in the Seller's tax year.
- > Installment income payments are guaranteed by a well-known, highly rated life insurance company.

### **Andrew Hull**

Mr. Andrew Hull has been in the structured annuity industry since December 1980, and has designed or assisted in the placement of thousands of settlement annuity contracts. These contracts have involved tort claims as well as taxable settlements. While the tax treatment will vary by situation, the basic design principles of an annuity secured Installment Sale and settlement annuities are the same.

Recognizing the tremendous demands of the Business Brokerage and Real Estate Industries, Mr. Hull pursues no other business and is a *fulltime* Structured Sale Broker. Put Mr. Hull on your team • **All services are provided at no cost!**