

# THE STRUCTURED SALE

## The Primary Residence Sale

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 a scheduled Installment payments**, doing so without any on-going costs, expenses, management fees or reinvestment risk.

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)

For the retiring or retired Seller,  
For any Seller who is "downsizing" their lifestyle

**"Cash Out Your Appreciation"**

Supplement Retirement income while deferring taxes

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## Frequently Asked Questions

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**Q: What is the cost to implement the Structured Sale?**

A: There is no out-of-pocket installation cost, nor are there any ongoing costs, fees, or expenses charged that will dilute the installment income. Also, there is no cost to the Buyer.

**Q: What is the rate of return and will it fluctuate in the future?**

A: At the close of escrow, an annuity is purchased for the specific purpose of securing the agreed to installment payments. Once purchased, all annuity values, including the internal rate of return, become fixed and cannot be changed.

**Q: Does the annuity continue to earn interest once it is purchased?**

A: No, however the internal rate of return at the time of purchase is used in determining how much income can be paid for the requested payout duration. Depending on the Seller's tax situation and the payout selected, the gain of the annuity may offset a large portion, and in some cases, all of the taxes paid!

**Q: What paperwork is necessary and is it time consuming?**

A: There are only two easy to complete short-form documents which need to be completed prior to the close of escrow.

**Q: Why an Assignment Company?**

A: As the substituted obligor for the Buyer, the Assignment Company becomes the owner of the annuity contract and responsible for the designated schedule of installment payments. By doing so, the Buyer is relieved of the financial burden and the Seller has financial security independent of the Buyer. The Assignment Company is a third party company whose sole purpose is to accept the ownership of structured annuity contracts. It does not engage in any other risk. The Assignment Company purchases the annuity from a well known, highly rated life insurer.

In addition to an annuity contract, the life insurance company issues an irrevocable corporate promise to pay letter, backing all assigned installment income payments.

**Q: When does title to the property being sold transfer to the Buyer?**

A: Once the required documents are executed, title will transfer to the Buyer at the close of escrow.

**Q: When and how is the money transferred to the Life Insurance Company?**

A: The required funds are WIRED directly to the designated Assignment Company of the life insurer. Security of the funds and the avoidance of any constructive receipt by the Seller is imperative. The Buyer's bank or Escrow Company arranges for the wire transfer to be made at the time of closing. Once the Assignment Company records and processes the transaction, usually within about three business days, it then wires the funds to the life insurer for the purchase of the annuity that will fund the assigned income payments.

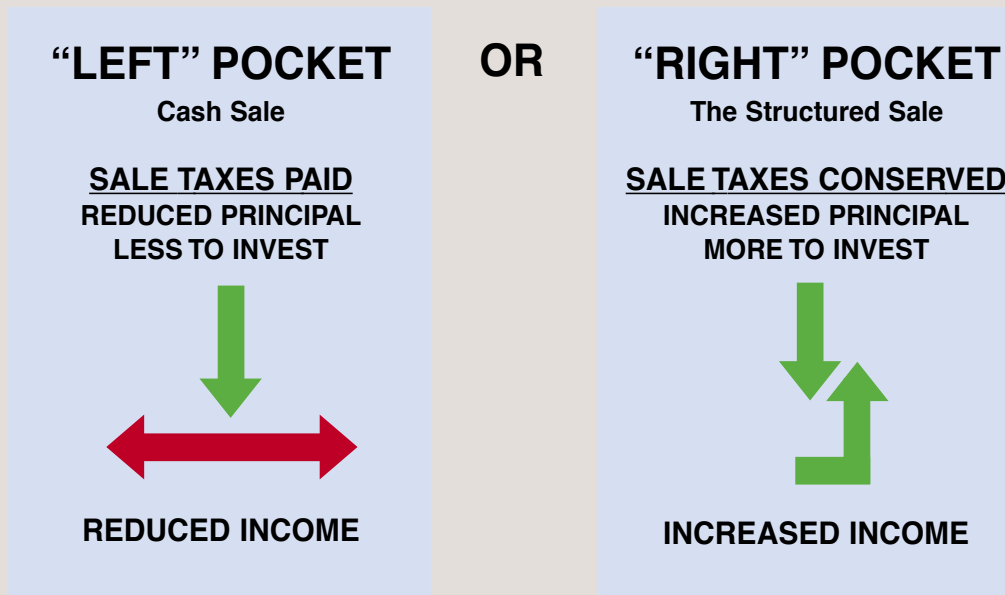
SELLERS are often faced with having to utilize all of their accumulated equity or pay a huge tax bill. Even after using the marital exemption, many Sellers can still have substantial equity that is TAXED unless reinvested.

**This is especially true for the Retiring Seller!**

## WHICH POCKET WOULD YOU FILL?

**\$1,250,000.00 SALE of Primary Residence**

(Married exemption taken, Seller wishes to defer \$750,000)



### PAY YOURSELF FIRST

**Example of \$750,000 Paid out over time. All payments Guaranteed!**

(First payment in one year)

Monthly income for 15 years:  
\$5,914

Guaranteed Payout: \$1,064,520

**OR**

Monthly income for 20 years:  
\$4,982

Guaranteed Payout: \$1,195,680

**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](http://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)

# For The Sale of a Primary Residence

## 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 those who are retired, or who are about to retire.
- Convert excess equity into income on a more favorable basis!
  - supplement a pension, pay for long-term health care needs or a health insurance plan.
  - finance the housing and care of an elderly relative who can no longer live on their own; convert their equity into tax-deferred income!
- Taxes are paid only on the installment payments received by the Seller.
- For the Seller who wants safe, predictable income that is guaranteed.
- Seller decides how much cash to keep at closing, with balance going into the installment sale schedule.
- Income can be deferred one or more years, up to 20 years.
- Income can be paid for a few years or several years – even for life!

### **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!**