

The Structured Sale - For Sellers of a Business or Real Estate

Andrew Hull, Owner at DeferTheTax.com



~A Flexible Option to Taking All Cash~

The all cash, or financed sale by Addendum or Agreement, is modified into a unique type of installment sale, whereby specific installment payments are secured by U.S. Treasury Obligations.

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The Structured Sale is a unique opportunity for a seller to maximize the return on their sale dollars while receiving management free, tax-deferred income that's guaranteed. Using *pre-tax* sale dollars, a customized scheduled of installment payments is designed to meet the seller's specific needs. Created by Agreement or an Addendum to an existing Sale Agreement between the seller and buyer, the establishment and the documentation is done so in accordance with [Internal Revenue Code Section 453\(b\)](#), installment sales.

The program is available to sellers in all fifty states and there's no out-of-pocket costs to seller or buyer.

SAMPLE ILLUSTRATIONS USING \$500,000.00

(cash at closing is additional)

Retiring Seller

(creating or supplementing a retirement plan)

\$40,000.00 paid annually for 15 years, 1st payment in one year.

Seller Staying On

(management contract for three years)

\$42,389.00 paid annually for 15 years

(1st payment begins when management contract is completed)

Younger Seller/retiring in 10 years

\$47,435.00 paid annually for 15 years

(1st payment deferred ten years)

NO tax is paid on the installment payments during any deferral period. Taxes are paid only on the installment payments, as and when received by the seller, in the seller's tax year.

Virtually any schedule of installment payments can be personally tailored to the seller's financial needs. However, the prevailing interest rates necessitate installment payouts for periods of about ten years or longer with payouts of 15 years being the most attractive.

Additionally, future guaranteed lump-sum payments can be designed to complement a schedule of monthly or annual payments. Even a single, future guaranteed lump-sum payment can be utilized should it be desired.

This program provides a seller with safe, management free income that is guaranteed, and with no ongoing reinvestment risk.

Once escrow closes and the funding assets are purchased, the installment payments become fixed, determinable & guaranteed!

This program uses U.S. Government Obligations (AAA by S&P and Fitch, and Aaa by Moody's) to secure the agreed to installment payments. U.S. Government Obligations are deemed by the major rating agencies as the safest investment available.

By separate agreement with the buyer, a third-party assignment company, Structured Assignments Inc. (SAI) purchases and becomes the owner of the U.S. Treasury Obligations, as well as responsible for making the installment payments to the seller. Third party assignment companies are special purpose vehicles that accept installment payment obligations and do not conduct any other business. (section 453(d) of the Internal Revenue Code of 1954, substitution of Obligors) Rev. Rul. 75-457 Amplified by 82-122.

Then, SAI has those assets held in a trust which makes the installment payments to the seller in the amounts and times as agreed to by the Buyer and Seller. Midwest Trust is the trustee and administrator of SAI and is headquartered in Overland Park, Kansas. Midwest Trust has nearly \$15 billion in assets under administration. Additionally, a "Keep-Well" and an "Evidence of Assets Held in a Trust & Secured Creditor Status" documents are issued to every seller.

Even sellers domiciled in no tax states should consider the many advantages of this Structured Sale program. The current capital gains tax rate and Medicare Surtax affects every seller. As with any business transaction, both parties need to consult with their tax and or legal advisers prior to closing.

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