

# LegacyTree Foundation Securities Transfer Case Study



The Smiths, ages 65 and 67, had a \$700,000 securities portfolio with a \$300,000 cost basis. They were worried about the stock market and rising capital gains taxes in the future, but would have to pay \$60,000 in capital gains taxes if they liquidate their portfolio now. They wanted their heirs to receive the value of the assets without interim market risk.

## A Securities Transfer Program from LegacyTree Foundation (LTF) proved to be a suitable option for The Smiths. Here's how it worked:

1. The Smiths transferred their securities to LTF.
2. LTF issued them an LTF LegacyPlan based on the current value.
3. The Smiths received an **immediate income tax deduction** which saved them money on their taxes this year, with a potential 5 year carry-forward.
4. The LegacyPlan enabled them to eliminate \$146,778 of capital gains
5. The LTF LegacyPlan will provide for a **structured inheritance** for their children.
6. A portion of the asset was eliminated from their estate.

An LTF Term Certain LegacyPlan for the Smith Family was issued that provided an immediate charitable income tax deduction of **\$256,861, potentially saving them \$64,215**. The eliminated capital gains can potentially **save them \$22,017**. The LegacyPlan was set up to pay \$800,000 to them over 25 years and was used to fund life insurance premiums that will provide a **death benefit of \$1.9 million\***. The Smiths recommended their church to receive an immediate grant while supporting the charitable works of LTF. Their plan is reinsured with a major insurance company.

Current Portfolio Value	\$ 700,000
Average Cost Basis	\$ 300,000
Capital Gains	\$ 400,000
Potential Taxes on Gains @ 15%	\$ 60,000
❖ ❖ ❖	❖
Initial Value of Legacy Plan	\$ 700,000
Tax Deduction with LegacyPlan	\$ 256,861
Capital Gains Eliminated	\$ 146,778
Annual Payments Beginning Immediately w/ 25 Yr Term Certain Payout	\$ 32,000 Annually



1600 Westgate Circle, Suite 200, Brentwood, TN 37027

(615) 468-8048 · [www.LegacyTreeFoundation.org](http://www.LegacyTreeFoundation.org)