

# LegacyTree Foundation Real Estate Transfer Case Study



Bob and Marie Perk, ages 78 and 76, were in good health and owned a parcel of farm land valued at \$900,000, with a \$300,000 cost basis. If they sold it they would have owed capital gains taxes of \$90,000 (15% of the \$600,000 gain). Their children might disagree about whether the farm should be sold when they die and the complication and expenses of the selling process concerned them.

## A Real Estate Transfer Program from LegacyTree Foundation (LTF) proved to be a suitable option for Bob and Marie. Here's how it worked:

1. Bob and Marie signed an option agreement allowing LTF to find an interested buyer. When a price was agreed upon, the sale was completed. LTF facilitated the entire process.
2. LTF issued Bob and Marie an LTF LegacyPlan based on the full sales price. LTF absorbed the realtor fees and closing costs.
3. Bob and Marie received an **immediate income tax deduction** which will save them money on their taxes this year, with a potential 5 year carry-forward.
4. A portion of the capital gains taxes were completely eliminated, none were due at the time of the sale.
5. The LTF LegacyPlan provided an income for them which they used to purchase life insurance.
6. A portion of the asset was eliminated from their taxable estate.
7. Bob and Marie recommended their **favorite charity** to benefit from their transaction.

An LTF Term Certain LegacyPlan was issued for the Perk Family that provided an immediate charitable income tax deduction of **\$345,822, potentially saving them \$86,456 in taxes.** The LegacyPlan was set up to pay out over 20 years and was used to fund life insurance premiums that will provide a **death benefit of over \$1 million** for their heirs.\* A portion of the asset was removed from their taxable estate. Bob and Marie also 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 Market Value of Real Estate	\$ 900,000
Cost Basis of Property	\$ 300,000
Amount Subject to Capital Gains Taxes	\$ 600,000
Capital Gain Eliminated	\$ 230,548
Initial Value of Legacy Plan	\$ 900,000
Tax Deduction with LegacyPlan	\$ 345,822
Tax Savings at 25% Tax Bracket	\$ 86,456
Immediate Annual Payments for 20 Year Term Certain	\$ 45,000
Death Benefit from 2nd to Die Life Policy*	\$1,000,000



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