

Sale and Unitrust



Jim and Alice purchased stock in a small medical service company several years ago. The company has done well. A larger company is now discussing the possibility of buying the smaller company. Jim and Alice are looking for a way to save taxes.

Jim: We were fortunate to invest in the medical services company. Over the years, medical services have become more and more important, especially for senior citizens. We thought this stock would grow and, indeed, it has increased in value.

We paid about \$50,000 for the stock and it is now worth \$400,000. If we were to sell the stock, we would pay a large tax.

It looks like the company may be sold to the larger company. There is no sale agreement yet, but it could happen in the future.

Alice: We have always talked about taking part of that stock and buying a cottage on the lake. I have found a very nice summer cottage on a nearby lake. The price is \$160,000.



Jim: How can we take \$160,000 in cash from the value of the stock and not pay tax? We checked with our CPA. He suggested that we talk to a gift planner at United Way. We were happy to learn that we could transfer \$240,000 worth of stock into a special trust. This trust is called a unitrust. When we transfer the stock into that trust, it can then be sold tax free.

Alice: Best of all, we were able to sell the other \$160,000 of the stock for cash. The deduction on the charitable trust saved enough in tax so that we did not have to pay tax on the \$160,000. The full \$160,000 was available to purchase our cottage.

Jim: This was a wonderful agreement. I am pleased that we were able to set up the trust. We now have income from our unitrust and are enjoying our lake cottage.

For more information on one of the following options please call or e-mail Gerry Taylor at United Way of Northeast Georgia 706-543-5254 or gerryktaylor@bellsouth.net.

1. You would like to receive a presentation of the plan for Jim and Alice.
2. You would like to request an illustration of a Sale and Unitrust with your payout rate.