

Illustration for a 5% Flip Unitrust benefiting Mr. and Mrs. Baker and their son (3 lives)

Summary of Benefits

Measuring three lives with ages 75, 75, and 53.
 Original principal placed in the trust is \$350,000.
 Beach house cost basis is \$75,000 (21.43%).
 Donor income tax bracket is 35%, 15% for capital gains.
 Beneficiary income tax bracket is 35%, 15% for capital gains.

Gross Principal	\$350,000
Charitable Deduction	\$96,723
Income	5%
Capital Appreciation	3%
Total Before-Tax Benefit to Income Recipients	\$800,281
Total After-Tax Benefit to Income Recipients	\$537,328

Projected 5% Flip Unitrust Income Payments

YR	Year-End Principal	Capital Appreciation (3%)	Income (5%)	Before-Tax Benefit Income	After-Tax Benefit Income (35%)
2009	\$350,000				
Flip Sale					
2010	358,625	\$10,500	\$17,500	\$17,500	\$11,750
2011	367,463	10,759	17,931	17,931	12,039
2012	376,519	11,024	18,373	18,373	12,336
2013	385,798	11,296	18,826	18,826	12,640
2014	395,306	11,574	19,290	19,290	12,952
2015	405,048	11,859	19,765	19,765	13,271
2016	415,030	12,151	20,252	20,252	13,598
2017	425,258	12,451	20,751	20,751	13,933
2018	435,738	12,758	21,263	21,263	14,276
2019	446,476	13,072	21,787	21,787	14,628
2020	457,479	13,394	22,324	22,324	14,989
2021	468,753	13,724	22,874	22,874	15,358
2022	480,305	14,063	23,438	23,438	15,737
2023	492,142	14,409	24,015	24,015	16,124
2024	504,270	14,764	24,607	24,607	16,522
2025	516,697	15,128	25,213	25,213	16,929
2026	529,431	15,501	25,835	25,835	17,346
2027	542,478	15,883	26,472	26,472	17,774
2028	555,847	16,274	27,124	27,124	18,212
2029	569,545	16,675	27,792	27,792	18,660
2030	583,581	17,086	28,477	28,477	19,120
2031	597,963	17,507	29,179	29,179	19,592
2032	612,699	17,939	29,898	29,898	20,074
2033	627,798	18,381	30,635	30,635	20,569
2034	643,270	18,834	31,390	31,390	21,076
2035	659,122	19,298	32,163	32,163	21,595
2036	675,366	19,774	32,956	32,956	22,128
2037	692,010	20,261	33,768	33,768	22,673
2038	709,063	20,760	34,600	34,600	23,232

2039	726,538	21,272	35,453	35,453	23,804
2040	744,442	21,796	36,327	36,327	24,391
TOTAL	\$744,442	\$480,168	\$800,281	\$800,281	\$537,328

Prepared by: Office of Gift Planning

IRS Discount Rate is 3.6%

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