**Simple Description of the Deferred Sales Trust**

The Deferred Sales Trust (DST) is a particularly elegant strategy that allows a seller of a highly appreciated business or property to defer recognition of their gain when they sell, through the use of a secured installment agreement. In this arrangement the seller will typically receive payments of their principal plus interest over time. The seller will only recognize and pay taxes each year on the actual distributions they receive each year and payment options are flexible.

The seller also has the ability to direct the types of investments used to secure the repayment of their principal plus an attractive rate of return (usually a diversified mix of securities and insurance products), but which may also be invested by the seller in additional investment real estate the seller may wish to purchase.

The primary, but not the only advantage of the DST is that it allows the seller of an appreciated asset to generate personal income on their entire net sales proceeds, including on the amount they would otherwise have to pay in taxes.

Many owners of appreciated assets come to a point when they would like to sell, but are reluctant to do so because of the capital gains taxes. Often part of the decision rests on the seller’s ability to replace the income they are receiving from their property, especially if they first have to pay taxes out of their sales proceeds. With the DST, the seller cannot only sell and replace their current income, but in many cases improve their income.

A key question that may be asked is why would you consider selling, and what do you think you would like the proceeds to do for you? Do you want the proceeds to generate an attractive and consistent level of income? Would you prefer to buy another piece of investment property without the rigid restrictions of doing a 1031 exchange? Both of these scenarios, and more are attainable through the Deferred Sales Trust.

For more information contact Greg Reese, Authorized Trustee for the Deferred Sales Trust.