

# Understanding Of **Deferred Sales Trust™**





# Overview

**Are Taxes holding your clients back from selling their business or other highly appreciated asset?**



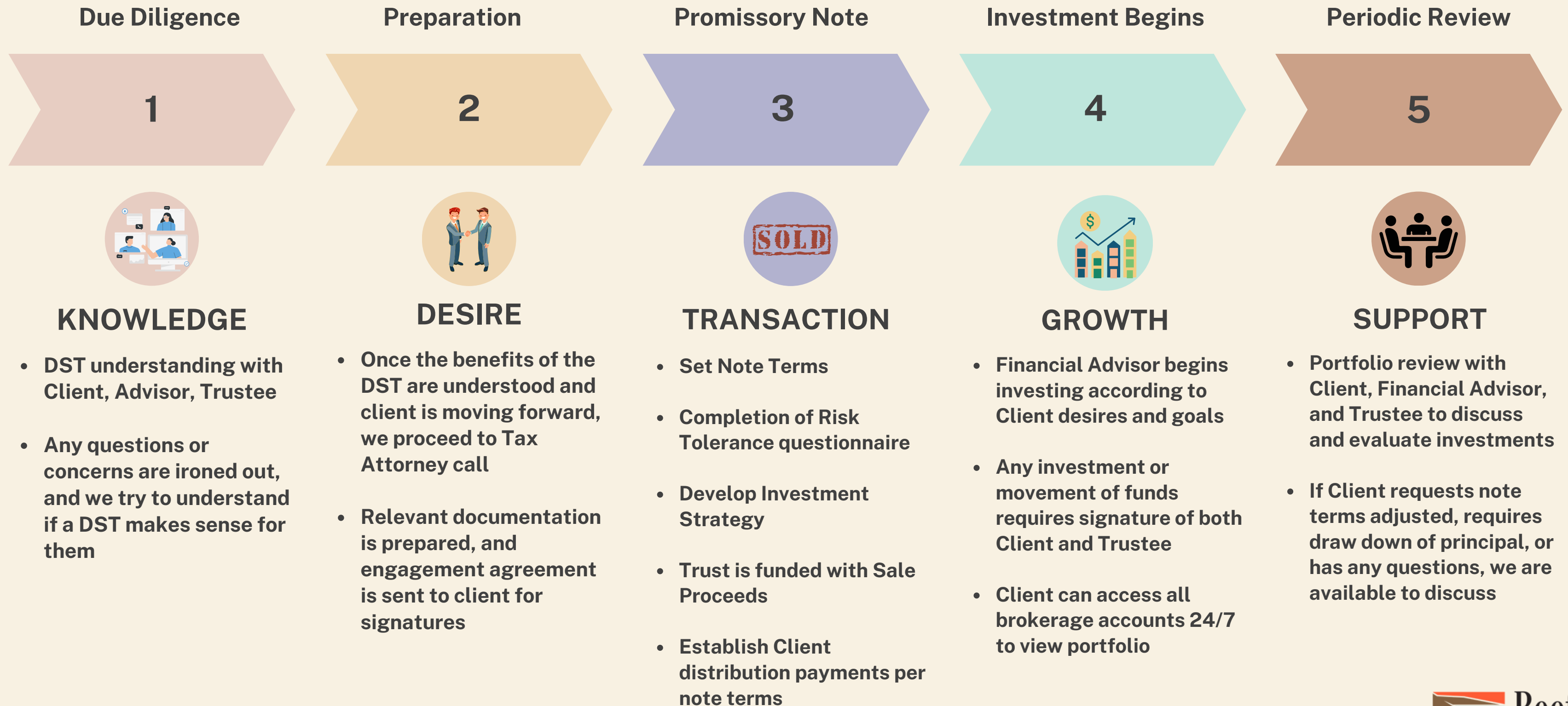
- Skills and training aside, what if **you** could **INCREASE** your sellers **NET PROCEEDS** by an **additional 25% to 35%**
- What if **you** were backed by a **track record** of **27+ years, 4,000+ transactions**, and over **\$200 Billion** in closed volume?
- Questions? Concerns? Doubts? **Lets discuss!**

# Introducing the Deferred Sales Trust™

- The **Deferred Sales Trust (DST)** is a **legal, proven, and IRS tested tax strategy** designed to **help sellers** of highly appreciated assets to **defer the ordinary income taxes and capital gains taxes** over a period of years, **instead** of paying them at closing.
- The **Deferred Sales Trust** gives the **Seller/Taxpayer** the ability to **control their capital gains tax exposure, reinvestment terms, and installment payments** made from the trust.
- **Risk-free Deferred Sales Trust** setup which allows for the Seller/Taxpayer to have a **strategy in place**
- **3 Member Fiduciary** team comprising:
  - Tax Attorney
  - Financial Advisor (**Greg Richards**)
  - Independent Trustee (**Greg Reese**)

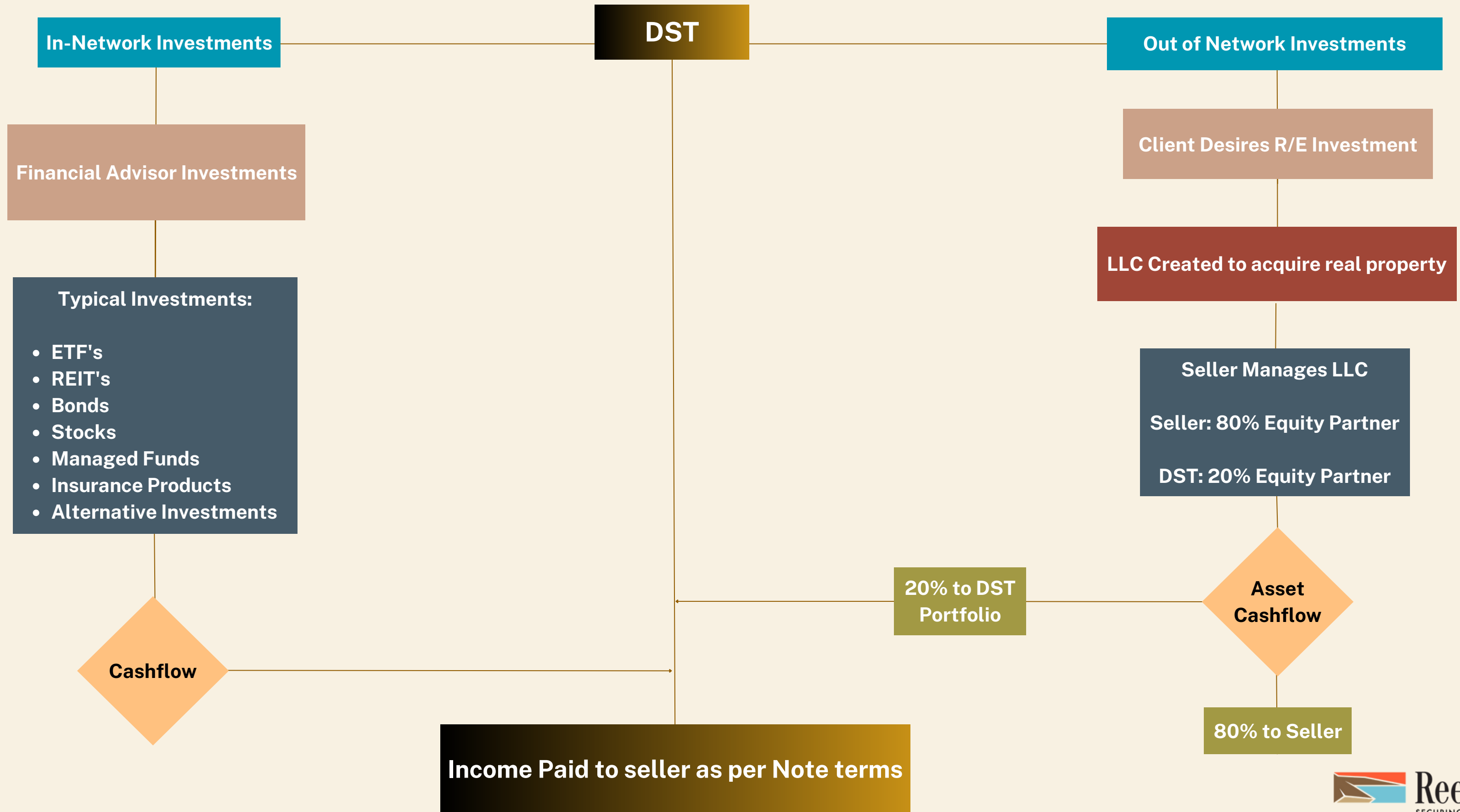
# Deferred Sales Trust™

## AWARENESS FLOWCHART



# Deferred Sales Trust™

## Sample Out Of Network Investments Structure (R/E)



# Deferred Sales Trust™ Overview



## Legality?

- Proprietary, Legal, Proven, IRS tested tax strategy
- 16 IRS Field Audits, **ALL** resulting in **No-Change Letters**



## Is this new?

- 27+ Years
- 4,000+ Transactions
- \$200 Billion Closed
- Serving entire United States



## Minimum Sale Amount?

- Setting up a DST makes sense for any seller facing a minimum of a **\$125,000 Capital Gains Bill**



## How is this a 1031 Alternative?

- Unlike 1031 Exchange, the DST has no strict investment restrictions/time deadlines. Invest when **YOU** want to!

# Partnering with Reef Point

- **Education by Reef Point** on all facets of the DST so you can incorporate a tax deferral tool into your professional toolkit
- **Marketing Content/SEO tools**
- **Client PowerPoint Presentations**
- **Email funnels**
- **Help in analyzing potential transactions with you**
- **Referral Fees**
- **Simply put, for Business Brokers & M&A Professionals,** you can offer “A Way Out”, generate more leads, and sell more businesses!



# Deferred Sales Trust™

## Frequently Asked Questions

**How are distributions from the DST to the seller determined?**

The **structure of payments** is outlined in a **secured installment note**. Trustee and the seller/taxpayer will **collaborate** to determine the **repayment plan**, including the **interest rate** on the principal, the **duration of the note**, and the preferred frequency of **interest and/or principal payments**.

**Can the Installment Note be modified after payments begin?**

**Yes**, the seller can request **modifications** of the note, but such modifications should be infrequent.

**Are Minimum Distributions Required or can Payments be Deferred?**

**No minimum distribution** payments are required, and the **seller can determine the amount**, timing, and start date for any payments.

**What kind of Investments can be made inside of the DST?**

**Client must approve all investments made by the Trust**. There are **no specific limitations or restrictions** of what the Trust may invest in, from financial investments of all types, to active real estate, buy or start a new business, hard money lending, private equity, syndications, and more ...



# Deferred Sales Trust™

## Frequently Asked Questions Continued

<p><b>What other Seller protections are provided?</b></p>	<p><b>2 Signature Rule</b> for any decisions regarding <b>Sellers funds</b>. <b>Seller must approve</b> all such actions by the Trustee in <b>writing in advance</b> before financial institution holding/investing funds will execute instructions. <b>Strong asset protection of Trust principal from future creditor's of Seller.</b></p>
<p><b>What if Seller/Taxpayer passes away?</b></p>	<p>In that scenario, the <b>DST Note passes to the heirs of the Seller</b>, and the Estate Administrator may elect to accelerate the note, keep or amend existing payments, or request modification of the investment strategy.</p>
<p><b>How are distributions taxed to the seller/taxpayer?</b></p>	<p>The seller/taxpayer will <b>ONLY pay taxes on distributions received during the year.</b></p> <ul style="list-style-type: none"><li>• If the seller/taxpayer wishes to receive <b>interest plus a certain amount of principal</b> each year then the taxes would look something like this:</li><li>• <b>Interest First:</b> Taxed at ordinary income tax rates.</li><li>• <b>Principal Distributions:</b> Taxes will be calculated on a prorated basis between Tax Free return of basis, Capital Gains, and Depreciation Recapture (where applicable)</li></ul>
<p><b>Can my DST be used for the sale of other appreciated assets?</b></p>	<p><b>Yes, your DST can be used to defer taxes for such future sales.</b></p>

# Contact Us



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