

26 Tax Shelter Opportunities

1. **The \$220,550 Unified Credit:** Shelter up to \$675,000 from estate and gift taxes (up to \$1,350,000 for couples); enhanced effectiveness when used in conjunction with A/B Trust Provisions; can save significant additional tax dollars when utilized as part of Shrinking Trust Principle.
2. **The Unlimited Marital Tax Deduction:** Avoid gift or estate taxes on transfers between spouses.
3. **The Annual \$10,000 Gift Tax Exclusion:** Transfer \$10,000 to each recipient, each year, free of gift taxes; Crummey Gifts allow you to use your annual exclusion when gifting to a trust.
4. **The Generation Skipping Transfer Tax Exemption:** Save on the potential equivalent of an 80% tax imposed on assets left to grandchildren.
5. **Irrevocable Dynasty Trusts:** Eliminate estate taxes forever; provide protection for your family against creditors, lawsuits, and divorce.
6. **Charitable Remainder Trusts:** Avoid capital gains tax on highly appreciated assets; receive an income tax deduction; increase your income; leave assets to your favorite charity.
7. **Annuities:** Invest in income tax deferred CD and Mutual Fund alternatives; avoid probate.
8. **Tax Free Annuity Exchanges:** Roll over a weak annuity into a strong one income tax free.
9. **Modified Endowment Contracts:** Look into a "Super Annuity"; can be owned by a Dynasty Trust.
10. **Cash Rich Life Insurance:** Avoid estate taxes (when funded properly); utilize "self-completion" investment component; take a tax-free income.
11. **Split Dollar Life Insurance:** Your corporation can pay the lion's share of the premiums, while an irrevocable trust can own the death benefit, estate tax free for your heirs.
12. **Reverse Split Dollar Insurance:** With a private pension plan funded with reverse split dollar insurance, you can own substantial cash values as part of an executive bonus plan; you can have tax-free income, while your corporation owns the death benefit.

13. **Federal Tax Credits:** For ten years, make an annual \$25,000 withdrawal from your pension or IRA federal income tax free.
14. **Pension and IRA's:** Build up your pension or IRA, tax deferred; make withdrawals in conjunction with a tax credit program; transfer assets to a dynasty trust to avoid estate taxes forever.
15. **Reverse Mortgage:** Turn your home into a tax-free income-producing vehicle.
16. **Exchange Your Real Property Free of Capital Gains Taxes:** Make a like-kind exchange of real property and avoid recognition of gains or losses.
17. **Corporations, Partnerships, LLC's:** Investigate the tax advantage inherent in differing forms of business ownership.
18. **Growth Stocks:** Turn 39.6% income taxes into 20% capital gains taxes when you desire income.
19. **Tax Exempt Municipal Bonds:** Insured and uninsured issued by state and local municipalities; can be bought individually or in trust or funds.
20. **Rental Real Estate and Leasing:** Passive income is offset by passive losses; 8-12% cash flow fully tax sheltered.
21. **Oil and Gas:** Intangible drilling costs and depletion allowance are available; as much as 90% of initial investment.
22. **Tax Efficient Mutual Funds:** Funds that invest in growth stocks with the intent to reduce or eliminate dividend and capital gains distributions.
23. **EE Bond Switch:** Sell EE bonds and with proceeds invest in a gift annuity; use tax deduction to offset the gain on the sale of the EE bonds.
24. **Sale residence:** first \$500,000 of gain with no tax if married and file a joint return.
25. **Investment interest expense:** interest used on a margin account is deductible up to the amount of investment income.
26. **Annuitization:** income from annuitization is a partial return of principal and is not taxable. An arbitrage can be set up with annuitizing an annuity and then with the extra cash flow invest in a last to die insurance policy. One beating that you die. The other is beating that you will live longer. The arbitrage creates tax deferred growth and income and at death tax free transfer of capital.