WILSON HAND

Strategic Partner
Program Guide

Introduction

Wilson Hand focuses on increasing the amount of capital in the private economy. Wilson Hand believes that the producers of assets and value are the best stewards of those assets and value. We believe these individuals should have authority and control over how they reinvest the value they create. Wilson Hand can empower these individuals to grow their businesses, affect change in their community, and build a financial estate for their beneficiaries by having a program that helps keep more capital in the private economy.

Wilson Hand is a law firm offering exclusive tax mitigation products to help individuals and business owners reduce their taxable income. We do not advertise our products directly to the client; instead, we align with professionals and small firms to add additional strategies to their client solutions portfolio.

Often individuals and business owners that generate an annual household income of $700,000 or more are concerned by their tax liability. Many individuals and business owners seek alternatives to reduce their taxable income. Wilson Hand provides tax reduction strategies to help clients at all points in their life, from saving on income taxes to retirement. Taxes are affected by more than just income. Wilson Hand's exclusive tax mitigation strategies can help individuals save taxes when selling assets or distributing funds from a qualified retirement account.

Our Strategic Partners have a client base of business owners and individuals with a high six figure taxable income that will benefit from our tax products. Many of our Strategic Partner are Financial Advisors, Wealth Managers/ Advisors, Financial Consultants, Tax Strategists, and Estate Attorneys. Strategic Partners are compensated for their referrals, and introducing our products to clients results in generous referral fees, typically 8% – 10% of the transaction's value. Joining Wilson Hand as a Strategic Partner can create an additional revenue stream for your business. Some Strategic Partners earn up to $200,000 – $300,000 annually.

Strategic Partners can also benefit from sharing our tax mitigation strategies with their colleagues. When a Strategic Partner refers a colleague to the Strategic Partner program, the Strategic Partner will receive an indirect referral fee related to the completed transactions produced by the colleague.

Wilson Hand and our Strategic Partners work to make sure highly compensated individuals and business owners feel confident participating in our tax mitigation strategies. With the tools and resources that Wilson Hand provides to its Strategic Partners, they can make educated and thoughtful recommendations to their clients.

Section One

Program Overview

Program Overview

Strategic Partners ordinarily have clients or associates who are wage earners or business owners generating more than $700,000 annually in taxable income.

A Strategic Partner is a “broker” between Wilson Hand and clients seeking a tax deduction on their taxable income. Strategic Partners are compensated for introducing clients who enter into a transaction. Wilson Hand will provide the Strategic Partner with the necessary documents and resources to supply to potential clients regarding the tax mitigation strategies.

Wilson Hand provides four primary tax mitigation strategies. Detailed information about these programs is included in this document.

The same information is also available individually in the Strategic Partner portal that we have created for your convenience. At your request, we will send you a link to the Strategic Partner portal to access these documents and other materials.

Program Guide

This program guide is designed to tell you more about:

- Strategies

  In Section Two Strategies, we will give an overview of each strategy and how it works. Learn more about the benefits for clients and read case studies about how the strategy will affect people in real world scenarios.

- Tax Planning

  In Section Three Tax Planning, we will discuss how to apply these strategies to clients, giving Strategic Partners the ability to have a thoughtful and educated conversation with clients about how the tax mitigation strategies can help them.

- Working with Clients

  In Section Four Working with Clients, we will introduce how Wilson Hand will interact with Strategic Partners and their clients. We will review the timeline that each of the tax mitigation strategies will follow, and what information will be gathered from the client to complete the agreements for each strategy.

- Fees and Compensation

  In Section Five Fees and Compensation, we will talk about the Strategic Partner referral fees. This section will include the difference in the direct and indirect referral fee for Strategic Partners. We will also cover the common fees and credits for the tax mitigation strategies.

- Resources

  In Section Six Resources, we will discuss the various resources that Wilson Hand provides for Strategic Partners. We will cover the types of materials that you will find in the Strategic Partner Portal and how to utilize the materials to engage with clients. We will also discuss how Wilson Hand has specialized products to help Strategic Partners grow their practice.

- Frequently Asked Questions

  In Section Seven Frequently Asked Questions, we will cover some of the most popular questions that are asked and terminology Strategic Partners will want to be familiar with.

- Appendices

  In Section Eight Appendices, we will cover the documents that are referenced in this guide and where you can locate the files on the Strategic Partner Portal.

Section Two
Strategies

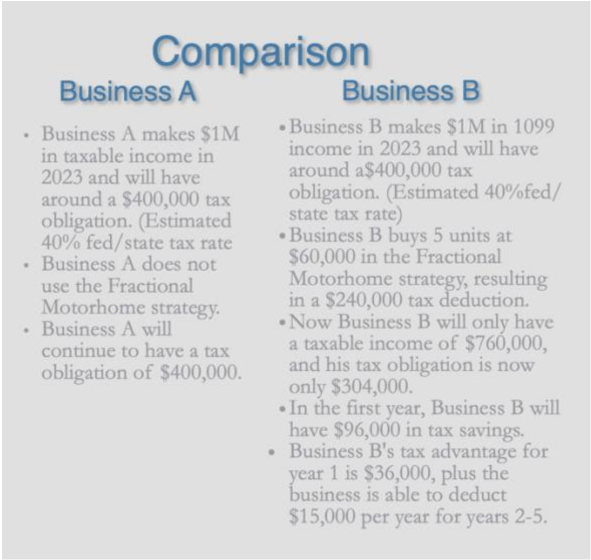
Tax Efficient Transactions

Equishare - Fractional Interest Business Strategy

Overview

The Fractional Interest Strategy is an opportunity to acquire a 1/8th share of a Class C Motorhome to create initial 4x tax weighted return multiple in the first year, totaling 5x during the depreciation period due to the home's eligibility for a first-year "bonus depreciation." This model takes advantage of IRS Rule 168(k), which allows for an acceleration of deprecation for qualified property.

A business creates an LLC that invests $12,000 as a down payment, toward purchasing a 1/8th share of a Class C motorhome with a remaining $48,000 per share payable out of future cash flows. Under current depreciation rules, the financier receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis, with the remaining purchase price deductible over the next four years for a total 5x deduction ratio.



The amount of bonus depreciation available in 2023 is 80% of the basis of the asset placed into service in 2023.[1] While real estate is not eligible for the five-year bonus depreciation, revenue rulings have concluded that when a structure is movable (such as motorhome), it is depreciable as personal property.[2] Motorhomes are considered personal property, not real estate.

You become a partner in an LLC or a series LLC in a pre-existing LLC, which has a long-term holding period of the assessments.

Bonus Depreciation

Your choice of Section 179 or Section 168K bonus depreciation Treatment.

Section 168(k)

Internal Revenue Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.[3]

The remaining basis of the property depreciates over the ensuing four years, as follows:

Year Bonus Depreciation

2023 80%
2024 5%
2025 5%
2026 5%
2027 5%

Section 179

Internal Revenue Code Section 179 allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.

Year Bonus Depreciation 2023 100% (with a maximum deduction of $1,160,000)

The value of the motorhome, subject to the note receivable, constitutes the depreciable basis.[4] The full-face value of the note counts as its basis. It does not need to be discounted to the present value.[5]

The Parties

The Taxpayer/Financier

The business creates an LLC which then purchases a fractional interest in a motorhome through a buyout lease, described above, for an initial down payment of $12,000, with the remaining $48,000 payable to a 3rd party lender.

Third Party Manager

The third-party manager assists with renting the motorhome out and managing maintenance and storage of the unit.

There will be some costs associated with setting up the unit as a rental. These costs are tax deductible. Additionally, clients are encouraged to actively participate in the process.

Deduction Layout

Bonus depreciation is not limited to 30% of your taxable income. You can deduct any amount of bonus depreciation. Suppose the deduction creates a net operating loss. In that case, you can carry that amount back to offset the previous year's income and carry forward any unused loss to deduct against future income.

Bonus depreciation can be claimed for assets used in rental activities and other passive activities, as well as in a trade or business.

Generally, bonus depreciation applies to capital assets purchased, not to assets contributed into a partnership.[7] The property purchased by the tax payer includes a fractional interest in the motorhome and the lease, which cannot be legally separated from each other as the lease represents a "security interest" in the motorhome.

Timing

The motorhome must be “placed in service” by 2023, to use the full 80% of the bonus depreciation on 2023 taxes. Accordingly, all orders and deposits should be sent completed by August 31, 2023.

Advantages

The bonus depreciation deduction can generate substantial tax deductions while generating a profit on a fully secured cash outlay.

Steps

1. Wilson Hand creates an LLC. This LLC is funded depending on the number of shares being purchased.

2. The LLC purchases a fractional interest in a motor home with the funding used as the down payment.

3. We can assist in arrangements made by a 3rd party to rent the motorhome.

4. Under current depreciation rules, the LLC receives a first-year bonus depreciation deduction of $60,000 or 80% of the asset's basis.

5. The deprecation deduction can offset the income in 2023, 2024, 2025, 2026, and 2027.

6. The LLC passes the bonus depreciation back to the individual.

Frequently Asked Questions

1. What is included in a motorhome?

Wilson Hand offers a fully functional motorhome with a 10 year full warranty. The Warranty includes: engine, transmission, tires, breaks, generator, appliances, plumbing, windows, skylights, RV’s walls, floors, sides, roof, undercarriage, axles, electric and/or hydraulic jacks, and leveling jacks. Wilson Hand also provides an Interior Refurbishment program that includes: Upholstery, Carpets, Headliner, and TV. Insurance and Storage are included in the plan. Each motorhome will have LoJack GPS device that can monitor the motorhome and in case of theft the motorhome can be shut off remotely.

2. What are the total cash outlays?

The outlay is a one-time down payment of $12,000, with the remainder of the payments financed by a 3rd party, and payments are collected directly from the rental income.

There may be some additional costs to set up the unit as a rental and clients are encouraged to participate in the process.

3. How do I get started?

We will send you a purchase order and financing agreement, which you will sign and forward along with the one-time payment to our attorney’s escrow account. The funds will be used for our next bulk order.

4. How do I ensure the remainder of my purchase price gets paid? Is there recourse against me if it’s not?

You sign a collateral assignment document that allows us to collect the rental income directly from the rental company. You do not have to worry about it and are not on the hook in the event of default, as we have a security interest directly in the unit.

5. Is this a security?

No. the bonus depreciation deduction is not a pooling of interest, nor is it passively managed off the efforts of others with the intent to generate a profit. You own the unit(s) directly and have complete control and discretion over how to continue managing the lease buyout arrangement with your lessee. We provide the package upfront and maintain a collateral assignment of the rent until we are paid in full.

Conclusion

If participation starts in the first quarter of 2023, tax reduction can be applied to 2022. You can generate substantial tax deductions while generating a potential profit on a fully secured cash outlay.There is a 4x tax-weighted return multiple in the first year, with an additional 1x in the remaining four years. We look forward to working with you.

End Notes

1. Basis is the amount of your capital investment in property for tax purposes. Use your basis to figure depreciation, amortization, depletion, casualty losses, and any gain or loss on the sale, exchange, or other disposition of the property. The basis of an asset is its cost to you. The cost is the amount you pay for it in cash, debt obligations, and other property or services. See https://www.irs.gov/taxtopics/tc703#:~:text=Basis%20is%20generally%20the%20amount,is%20it s%20 cost%20to%20you and The Story of Basis https://www.thetaxadviser.com/issues/2010/jun/sullivan-jun10.html.

2. See Rev Ruling 77-291: https://www.taxnotes.com/research/federal/irs-guidance/revenue- rulings/rev.-rul.-77-291/ dcjr?h=*.

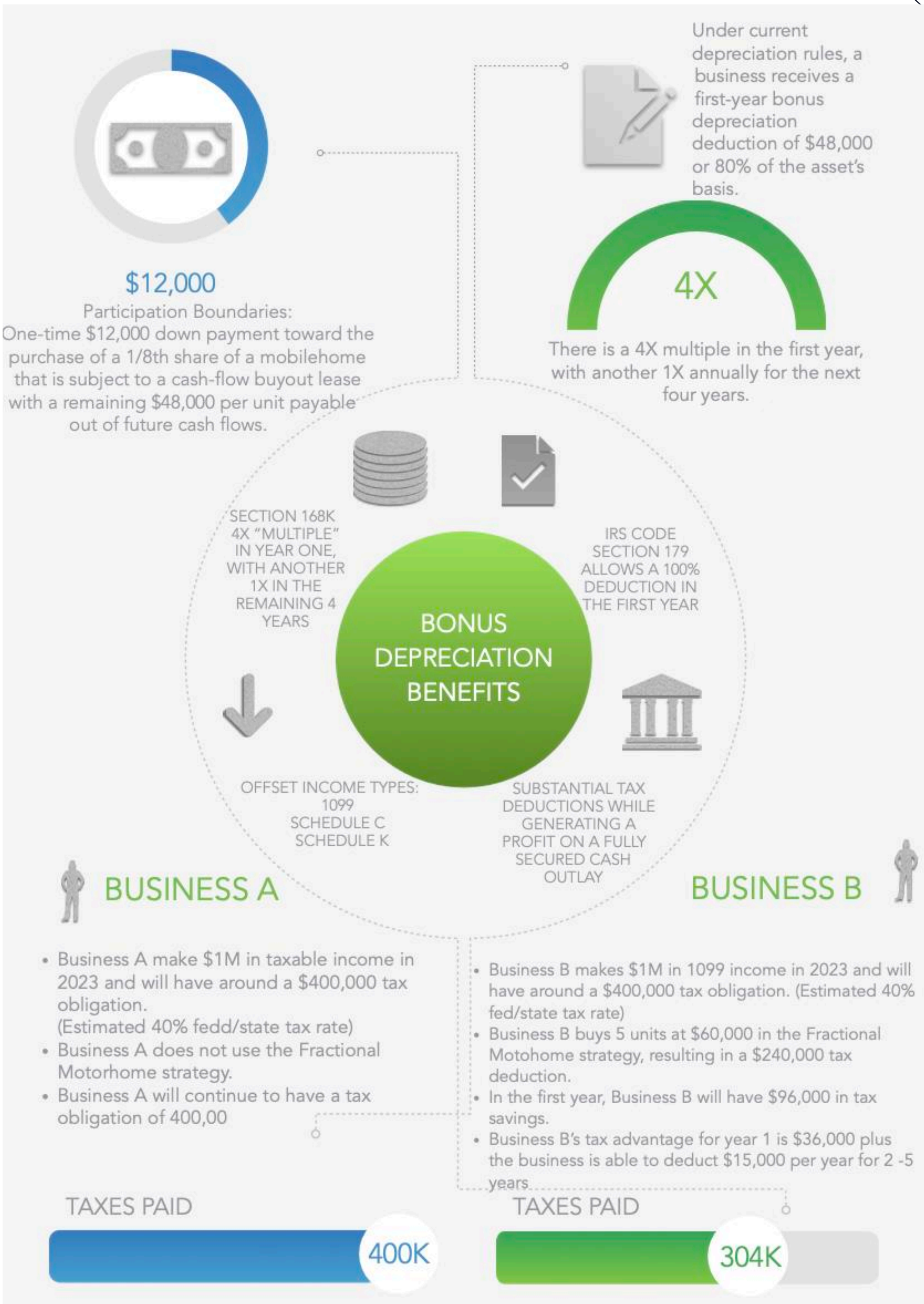
3. Bonus depreciation is another category for deductions in addition to Section 179 deductions. If an asset qualifies as a long-term business property under tax rules, bonus depreciation, may allow a business owner to deduct the cost of that asset more efficiently. Bonus depreciation is not subject to any annual limit, and the property does not need to be used in the business at least 51% of the time, as with a Section 179 property. The tax rules instead require the business owner to place the property in service in the year in which they are seeking a deduction for it. Bonus depreciation was initially set to decline gradually until 2020 when it was scheduled to be eliminated entirely. However, the Tax Cuts and Jobs Act altered this plan. It also extended bonus depreciation to the purchase of used property, whereas it previously had applied only to purchases of a new property. For an asset that is placed in service after December 31, 2022 and before January 1, 2024, the first-year bonus depreciation amount is set at 80%.

4. Borrowed cash is full basis, untaxed money in the borrower's hands. These funds may be used to purchase assets witha full-cost basis, enabling the financier to earn profits and suffer losses in operating or disposing of the assets. If the debt is genuine and reasonable in terms of the fair market value of the purchased property, the full amount of borrowed funds generally gives rise to a cost basis. See: https://www.thetaxadviser.com/issues/2010/jun/sullivan-jun10.html.

5. There is no need to discount a note receivable to the present value when determining tax basis. See Peracchi, Donald J. et ux v. Commissioner, where a 10-year note at 11% interest was held to contribute the full face value to the calculation of basis: https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/contribution-of- unsecured-promissory-note-increased-shareholder%27s-basis%3B-dissent- sees/1lz9n.

6. The manufacturer may elect to secure its position with a UCC 1 on the motorhome. (and/or other real property of the opportunity seeker).

7. Property contributed to a partnership is not eligible for bonus depreciation, whether or not the tax basis of the property equals the property's fair market value. It was thought that bonus depreciation might apply to the spread between value and basis of contributed property if the partnership applied the "remedial allocation method" to mitigate the effects of the "ceiling rule." Remedial allocations are notional items on the contributed property determined as if that property were acquired by the partnership. However, constructively acquiring the property for remedial allocation purposes does not change the fact that the property was actually contributed to the partnership. So, there is no bonus depreciation on account of remedial allocations.


$12,000
Participation Boundaries:
One-time $12,000 down payment toward the purchase of a 1/8th share of a mobilehome that is subject to a cash-flow buyout lease with a remaining $48,000 per unit payable out of future cash flows.
Under current depreciation rules, a business receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis.
4X
There is a 4X multiple in the first year, with another 1X annually for the next four years.
SECTION 168K 4X "MULTIPLE" IN YEAR ONE, WITH ANOTHER 1X IN THE REMAINING 4 YEARS
IRS CODE SECTION 179 ALLOWS A 100% DEDUCTION IN THE FIRST YEAR
BONUS DEPRECIATION BENEFITS
OFFSET INCOME TYPES:
1099
SCHEDULE C
SCHEDULE K
SUBSTANTIAL TAX DEDUCTIONS WHILE GENERATING A PROFIT ON A FULLY SECURED CASH OUTLAY
BUSINESS A
• Business A make $1M in taxable income in 2023 and will have around a $400,000 tax obligation.
(Estimated 40% fedd/state tax rate)
• Business A does not use the Fractional Motorhome strategy.
• Business A will continue to have a tax obligation of 400,00
BUSINESS B
• Business B makes $1M in 1099 income in 2023 and will have around a $400,000 tax obligation. (Estimated 40% fed/state tax rate)
• Business B buys 5 units at $60,000 in the Fractional Motohome strategy, resulting in a $240,000 tax deduction.
• In the first year, Business B will have $96,000 in tax savings.
• Business B's tax advantage for year 1 is $36,000 plus the business is able to deduct $15,000 per year for 2 -5 years.
TAXES PAID
400K
TAXES PAID
304K

Equishare - Fractional Interest

Step 1: We create an LLC. The LLC is funded depending on the number of shares being purchased.

Step 2: The LLC purchases a fractional interest in a motorhome with the funding used as the down payment.

Step 3: We assist in arrangements made by a 3rd party to rent out the motorhome.

Step 4: Under current depreciation rules, the LLC receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis.

Step 5: The deprecation deduction can offset taxable income in 2022, 2023, 2024, 2025, and 2026.

Benefits

- Your choice of Section 179 or Section 168K bonus depreciation treatment.
- Substantial tax deductions while generating a potential profit on a fully secured cash outlay.
- Under Section 197 a business can write-off up to $1.16M. After that, under 168K there is a 4x tax weighted return multiple in the first year, with an additional 1x in the remaining 4 years.

Questions

? What are the total cash outlays?

The outlay is a one-time down payment of 12,000, with the remainder of the payments financed by a 3rd party, and payments are collected directly from the rental income.

There may be additional cost for setting the unit up as a rental and clients are encouraged to participate in the process.

? What is included in a motor home?

- 10 Year Full Warranty
- Interior Refurbishment
- Insurance
- Storage
- LoJack GPS device

Projected

Section 168K

Purchase Price	$60,000
Down Payment	$12,000
Deductions	$60,000
1st Year Deduction	$48,000
2nd Year Deduction	$3,000
3rd Year Deduction	$3,000
4th Year Deduction	$3,000
5th Year Deduction	$3,000
Net Value of Deductions at 37% Tax Rate	$24,000
Ratios	
Deduction to Outlay	5
First Year Deduction to Outlay	4
Tax Weighted Return Multiple on Cash Outlay	2

Equishare – Fractional Interest Case Studies

Samantha Scenario

Story:

Meet Samantha, a successful entrepreneur at the age of 37. Samantha owns multiple franchises of a popular fast food chain located in Minnesota. With her dedication and hard work, Samantha's business will earn $1,250,000 in 2023. Now, she's looking for ways to optimize her finances and reduce her tax liability while continuing to grow her business empire. She will owe 40% in federal and state income tax, resulting in a tax obligation of $500,000. Samantha's CPA has tax mitigation products that can help her reduce her tax obligation.

Solution:

Samantha's CPA recommends a powerful tax-saving product called Equishare - Fractional Ownership, and she's excited to explore its potential benefits. The product uses tax code Section 179 and allows business owners to deduct the full purchase price of qualifying assets, such as equipment and property, in the year of purchase, rather than depreciating them over several years.

She decides to purchase ten units of the Equishare - Fractional Ownership. Each unit has a down payment of $12,000, resulting in a total down payment of $120,000. Through the Section 179 deduction, Samantha can claim a deduction of $600,000 based on the total cost for each fractional share, not just the $12,000 down payment for each share. This deduction significantly reduces Samantha's taxable income, resulting in substantial tax savings.

Result:

Samantha can reduce her business's taxable income from $1,250,000 to 650,000 in 2023. With this reduction in taxable income, her company will now have a tax obligation of $260,000. Utilizing the Equishare - Fractional Interest tax mitigation technique will give Samantha's business a net gain of $120,000.

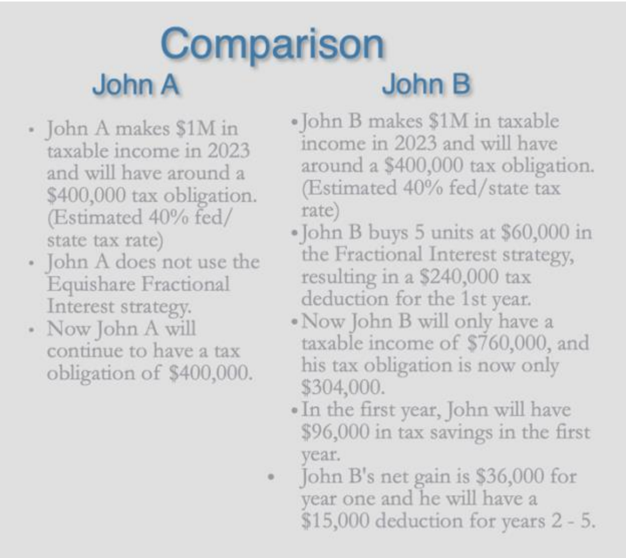
The Equishare - Fractional Share program empowers Samantha to invest in her business, stimulate growth, and ultimately keep more of her hard-earned money. By taking advantage of this tax-saving strategy, Samantha can allocate her savings towards expanding her franchises, enhancing operations, or even pursuing new business opportunities.

Samantha is poised to supercharge her business's financial success, reduce her tax burden, and continue to make waves in the fast food industry. Here's to Samantha's continued prosperity and growth as a savvy entrepreneur!

Equishare – Fractional Interest Individual Strategy

Overview

The Fractional Interest Strategy is an opportunity to acquire a 1/8th share of a Class C Motorhome to create initial 4x tax weighted return multiple in the first year, totaling 5x during the depreciation period due to the home's eligibility for a first-year "bonus depreciation." This model takes advantage of IRS Rule 168(k), which allows for an acceleration of deprecation for qualified property.



A taxpayer/wage forms an LLC which invests $12,000 as a down payment, towards purchasing a 1/8th share of a Class C motorhome with the remaining $48,000 payable out of future cash flows.

Under current depreciation rules, the taxpayer receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis, with the remaining purchase price deductible over the next four years for a total 5x deduction ratio.

The amount of bonus depreciation available in 2023 is 80% of the basis of the asset placed into service in 2023.[1] While real estate is not eligible for the five-year bonus depreciation, revenue rulings have concluded that when a structure is movable (such as a motorhome), it is depreciable as personal property.[2]

Bonus Depreciation

Internal Revenue Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.[3]

The remaining basis of the property depreciates over the ensuing four years, as follows:

Year Bonus Depreciation

2023 80%
2024 5%
2025 5%
2026 5%
2027 5%

The value of the motorhome, subject to the note receivable, constitutes the depreciable basis.[4] The full-face value of the note counts as its basis. It does not need to be discounted to the present value.[5]

The Parties

The Taxpayer

The taxpayer owns an LLC which acquires a fractional interest in a Class C Motorhome through a buyout lease, described above, for an initial down payment of $12,000, with the remaining $48,000 payable to a 3rd party lender.

Third Party Manager

The third-party manager assists with renting the motorhome out and managing maintenance and storage of the unit.

There will be some costs associated with setting up the unit as a rental. These costs are tax deductible. Additionally, clients are encouraged to actively participate in the process.

Deduction Layout

Bonus depreciation is not limited to 30% of your taxable income. You can deduct any amount of bonus depreciation. Suppose the deduction creates a net operating loss. In that case, you can carry that amount back to offset the previous year's income and carry forward any unused loss to deduct against future income.

Bonus depreciation can be claimed for assets used in rental activities and other passive activities, as well as in a trade or business.

Generally, bonus depreciation applies to capital assets purchased, not to assets contributed into a partnership.[7] The property purchased by the taxpayer includes a fractional interest in the motorhome and the lease, which cannot be legally separated from each other as the lease represents a "security interest" in the motorhome.

Timing

The motorhome must be "placed in service" by 2023, to use the full 80% of the bonus depreciation on 2023 taxes. Accordingly, all orders and deposits should be sent completed by August 31, 2023.

Advantages

The bonus depreciation deduction can generate substantial tax deductions while generating a profit on a fully secured cash outlay.

Steps

1. Wilson Hand creates an LLC. This LLC is funded depending on the number of units being purchased.

2. The LLC purchases a motorhome with the funding used as the down payment.

3. We can assist in arrangements made by a 3rd party to rent the motorhome.

4. Under current depreciation rules, the LLC receives a first-year bonus depreciation deduction of $60,000 or 80% of the asset's basis.

5. The deprecation deduction can offset the income in 2023, 2024, 2025, 2026, and 2027.

6. The LLC passes the bonus depreciation back to the individual.

Frequently Asked Questions

1. What is included in the motorhome?

Wilson Hand offers a fully functional class C motorhome with a 10 year full warranty. The Warranty includes: engine, transmission, tires, breaks, generator, appliances, plumbing, windows, skylights, RV's walls, floors, sides, roof, undercarriage, axles, electric and/or hydraulic jacks, and leveling jacks. Wilson Hand also provides an Interior Refurbishment program that includes: Upholstery, Carpets, Headliner, and TV. Insurance and Storage are included in the plan. Each motorhome will have LoJack GPS device that can monitor the motorhome and in case of theft the motorhome can be shut off remotely.

2. What are the total cash outlays?

The outlay is a one-time down payment of $12,000, with the remainder of the payments financed by a
3rd party, and payments are collected directly from the rental income.
There may be some additional costs to set up the unit as a rental and clients are encouraged to participate in the process.

3. How do I get started?

We will send you a purchase order and financing agreement, which you will sign and forward along with the one-time payment to our attorney's escrow account. The funds will be used for our next bulk order.

4. How do I ensure the remainder of my purchase price gets paid? Is there recourse against me if it's not?

You sign a collateral assignment document that allows us to collect the rental income directly from the rental company. You do not have to worry about it and are not on the hook in the event of default, as we have a security interest directly in the unit.

5. Is this a security?

No. the bonus depreciation deduction is not a pooling of interest, nor is it passively managed off the efforts of others with the intent to generate a profit. You own the unit(s) directly and have complete control and discretion over how to continue managing the lease buyout arrangement with your lessee. We provide the package upfront and maintain a collateral assignment of the rent until we are paid in full.

Conclusion

If participation starts in the first quarter of 2023, tax reduction can be applied to 2022. You can generate substantial tax deductions while generating a potential profit on a fully secured cash outlay. There is a 4x tax-weighted return multiple in the first year, with an additional 1x in the remaining four years. We look forward to working with you.

Endnotes

1. Basis is the amount of your capital investment in property for tax purposes. Use your basis to figure depreciation, amortization, depletion, casualty losses, and any gain or loss on the sale, exchange, or other disposition of the property. The basis of an asset is its cost to you. The cost is the amount you pay for it in cash, debt obligations, and other property or services. See https://www.irs.gov/taxtopics/tc703#:~:text=Basis%20is%20generally%20the%20amount,is%20its%20 cost%20to%20you and The Story of Basis https://www.thetaxadviser.com/issues/2010/jun/sullivan-jun10.html.
2. See Rev Ruling 77-291: https://www.taxnotes.com/research/federal/irs-guidance/revenue-rulings/rev.-rul.-77-291/ dcjr?h=*.
3. Bonus depreciation is another category for deductions in addition to Section 179 deductions. If an asset qualifies as a long-term business property under tax rules, bonus depreciation, may allow a business owner to deduct the cost of that asset more efficiently. Bonus depreciation is not subject to any annual limit, and the property does not need to be used in the business at least 51% of the time, as with a Section 179 property. The tax rules instead require the business owner to place the property in service in the year in which they are seeking a deduction for it. Bonus depreciation was initially set to decline gradually until 2020 when it was scheduled to be eliminated entirely. However, the Tax Cuts and Jobs Act altered this plan. It also extended bonus depreciation to the purchase of used property, whereas it previously had applied only to

purchases of a new property. For an asset that is placed in service after December 31, 2022 and before January 1, 2024, the first-year bonus depreciation amount is set at 80%.

4. Borrowed cash is full basis, untaxed money in the borrower's hands. These funds may be used to purchase assets witha full-cost basis, enabling the financier to earn profits and suffer losses in operating or disposing of the assets. If the debt is genuine and reasonable in terms of the fair market value of the purchased property, the full amount of borrowed funds generally gives rise to a cost basis. See: https://www.thetaxadviser.com/issues/2010/jun/sullivan-jun10.html.
5. There is no need to discount a note receivable to the present value when determining tax basis. See Peracchi, Donald J. et ux v. Commissioner, where a 10-year note at 11% interest was held to contribute the full face value to the calculation of basis: https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/contribution-of- unsecured-promissory-note-increased-shareholder%27s-basis%3B-dissent-sees/1lz9n.
6. The manufacturer may elect to secure its position with a UCC 1 on the tiny home and/or deed of trust filings against the real estate on which it is installed (and/or other real property of the opportunity seeker).
7. Property contributed to a partnership is not eligible for bonus depreciation, whether or not the tax basis of the property equals the property's fair market value. It was thought that bonus depreciation might apply to the spread between value and basis of contributed property if the partnership applied the "remedial allocation method" to mitigate the effects of the "ceiling rule." Remedial allocations are notional items on the contributed property determined as if that property were acquired by the partnership. However, constructively acquiring the property for remedial allocation purposes does not change the fact that the property was actually contributed to the partnership. So, there is no bonus depreciation on account of remedial allocations.
8. See Uniform Commercial Code §1-203. Lease Distinguished from Security Interest.
    a. Whether a transaction in the form of a lease creates a lease or security interest is determined by the facts of each case.
    b. A transaction in the form of a lease creates a security interest if the consideration that the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease and is not subject to termination by the lessee, and: (1) the original term of the lease is equal to or greater than the remaining economic life of the goods; (2) the lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods; (3) the lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement; or (4) the lessee has an option to become the owner of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement.

Equishare - Fractional Interest

$12,000

Participation Boundaries:
One-time $12,000 down payment toward the purchase of a 1/8th share in a motorhome that is subject to a cash-flow buyout lease with a remaining $48,000 per unit payable out of future cash flows.

Under current depreciation rules, the financier receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis.

There is a 4X multiple in the first year, with another 1X annually for the next four years.

BENEFITS

SECTION 168K BONUS DEPRECIATION TREATMENT.

SUBSTANTIAL TAX DEDUCTIONS WHILE GENERATING A POTENTIAL PROFIT ON A FULLY SECURED CASH OUTLAY.

THERE IS A 4X TAX WEIGHTED RETURN MULTIPLE IN THE FIRST YEAR, WITH AN ADDITIONAL 1X IN THE REMAINING FOUR YEARS.

OFFSET INCOME TYPES:
W-2/TAXABLE WAGES

BONUS DEPRECIATION

Year	Bonus Depreciation
2023	80%
2024	5%
2025	5%
2026	5%
2027	5%

PROJECTED SUMMARY

Purchase Price	$60,000
Down Payment	$12,000
Deductions	$60,000
1st Year Deduction	$48,000
2nd Year Deduction	$3,000
3rd Year Deduction	$3,000
4th Year Deduction	$3,000
5th Year Deduction	$3,000
Net Value of Deductions at 37% Tax Rate	$24,000
Ratios	
Deduction to Outlay	5
First Year Deduction to Outlay	4
Tax Weighted Return Multiple on Cash Outlay	2

Bonus Depreciation Model

Step 1
We create an LLC. The LLC is funded depending on the number of shares being purchased.

Step 2
The LLC purchases a fractional interest in a motorhome with the funding used as the down payment.

Step 3
We assist in arrangements made by a 3rd party to rent out the motorhome.

Step 4
Under current depreciation rules, the LLC receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis.

Step 5
The deprecation deduction can offset taxable income in 2022, 2023, 2024, 2025, and 2026.

Benefits

- Section 168K bonus depreciation Treatment.
- Substantial tax deductions while generating a potential profit on a fully secured cash outlay.
- There is a 4x tax weighted return multiple in the first year, with an additional 1x in the remaining four years.

Projected

Purchase Price	$60,000
Down Payment	$12,000
<u>Deductions</u>	$60,000
1st Year Deduction	$48,000
2nd Year Deduction	$3,000
3rd Year Deduction	$3,000
4th Year Deduction	$3,000
5th Year Deduction	$3,000
Net Value of Deductions at 37% Tax Rate	$24,000
<u>Ratios</u>	
Deduction to Outlay	5
First Year Deduction to Outlay	4
Tax Weighted Return Multiple on Cash Outlay	2

Questions

? What are the total cash outlays?

The outlay is a one-time down payment of $12,000, with the remainder of the payments financed by a 3rd party, and payments are collected directly from the rental income.
There may be additional costs for setting the unit up as a rental and clients are encouraged to participate in the process.

? What is included in a motor home?

- 10 Year Full Warranty
- Interior Refurbishment
- Insurance
- Storage
- LoJack GPS device

Under current depreciation rules, the taxpayer receives a first-year bonus depreciation deduction of $48,000 or 80% of the asset's basis.

$12,000

Participation Boundaries:
One-time $12,000 down payment toward the purchase of a 1/8th share of a mobilehome that is subject to a cash-flow buyout lease with a remaining $48,000 per unit payable out of future cash flows.

4X

There is a 4X multiple in the first year, with another 1X annually for the next four years.

BONUS DEPRECIATION BENEFITS

SECTION 168K 4X "MULTIPLE" IN YEAR ONE, WITH ANOTHER 1X IN THE REMAINING 4 YEARS

IRS CODE SECTION 168(K) ALLOWS AN ADDITIONAL FIRST-YEAR DEPRECIATION DEDUCTION.

OFFSET INCOME TYPES: W-2 - TAXABLE WAGES

SUBSTANTIAL TAX DEDUCTIONS WHILE GENERATING A PROFIT ON A FULLY SECURED CASH OUTLAY

JOHN A

- John A makes $1M in taxable income in 2023 and will have around a $400,000 tax obligation.
  (Estimated 40%fed/state tax rate)
- John A does not use the Bonus Depreciation strategy.
- Now John A will continue to have a tax obligation of $400,00

JOHN B

- John B makes $1M in taxable income in 2023 and will have around a $400,000 tax obligation.
  (Estimated 40% fed/state tax rate)
- John B buys 5 units at $60,000 in the Fractional Interest strategy, resulting in a $240,000 tax deduction for the 1st year.
- Now John B will only have a taxable income of $760,000, and his tax obligation is now only $304,000.
- In the first year, John will have $96,000 in tax savings in the first year.
- John B's net gain is $36,000 for year one and he will have a $15,000 deduction for years 2 - 5.

TAXES PAID

400K

TAXES PAID

304K

Equishare – Fractional Interest Case Study

Roger Scenario

Story:

Roger (45) is an Inside Sales Manager for a security company and lives in California. He has gradually expanded his client list over the last ten years.

Roger has created a good life in this position and has recently seen an increase in his earnings. Roger has two ways that he earns his wages a base salary of $180,000 and a 10% bonus for all sales he facilitates for his company.

In 2023 Roger's bonus will be $500,000; although this is amazing for his family, he is shocked by the amount of taxes owed. During a meeting with his CPA, he was lamenting about the bonus income on his wages. His CPA discussed some exclusive tax mitigation strategies he had recently learned about and how this strategy could be beneficial to reducing Roger's tax burden.

Solution:

Roger can project a taxable income of $680,000 in 2023. He will owe 40% in federal and state income tax, resulting in a tax obligation of $272,000 in 2023. Logan follows the advice of his CPA and participates in a tax mitigation strategy that utilizes a Section 168(k) bonus depreciation deduction.

Roger will purchase six shares of the Equishare - Fractional Interest for a total of $72,000 equity from his wages and a $288,000 loan provided by the strategy.

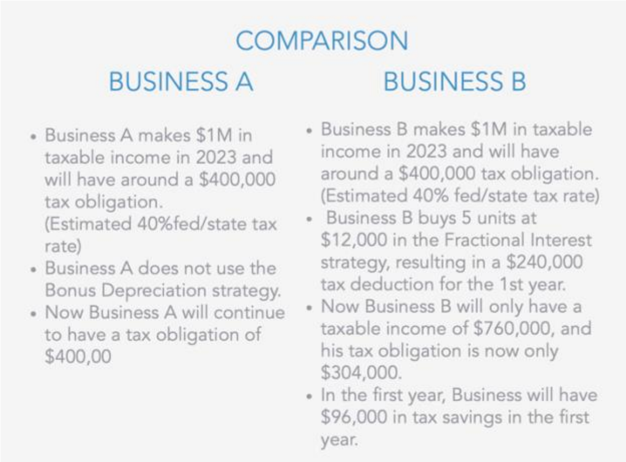
Result:

As a result of utilizing the Equishare - Fractional Interest approach, Roger can deduct $288,000 from the bonus depreciation from Section 168(k). The Section 168(k) deduction will also have an $18,000 depreciation deduction he will use annually for the next four years. Roger can reduce his taxable income from $680,000 to $392,000 in 2023. The Equishare - Fractional Interest program will reduce his tax obligation to $156,000. These tax mitigation strategies will increase after-tax cash flow by $43,200 in 2023, with an additional savings of $18,000 in the following four years.

Small Advantage – ADU Business Strategy

Overview

The ADU model is a chance to acquire a "portable home" using leverage to create initial 4x tax weighted return multiple in the first year, totaling 5x during the depreciation period due to the home's eligibility for a first-year "bonus depreciation."



A taxpayer/financier (financier) puts a one-time $60,000 down payment, toward purchasing a portable home subject to a cash-flow buyout lease with a remaining $240,000 per unit payable out of future cash flows. Under current depreciation rules, the financier receives a first-year bonus depreciation deduction of $240,000 or 80% of the asset's basis, with the remaining purchase price deductible over the next four years for a total 5x deduction ratio.

The amount of bonus depreciation available in 2023 is 80% of the basis of the asset placed into service in 2023.[1] While real estate is not eligible for the five-year bonus depreciation, revenue rulings have concluded that when a structure is movable (such as with a wheeled trailer), it is depreciable as personal property.[2] These portable homes are delivered on wheels, can be readily transported, and are therefore considered personal property, not real estate.

Bonus Depreciation

Internal Your choice of Section 179 or Section 168K bonus depreciation Treatment.

Section 168(k)

Internal Revenue Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.[3]

The remaining basis of the property depreciates over the ensuing four years, as follows:

Year Bonus Depreciation
2023 80%
2024 5%
2025 5%
2026 5%
2027 5%

Section 179

Internal Revenue Code Section 179 allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.

Year Bonus Depreciation

2023 100% (with a maximum deduction of $1,160,000)

The value of the portable home, subject to the note receivable, constitutes the depreciable basis.[4] The full-face value of the note counts as its basis. It does not need to be discounted to the present value.[5]

The Parties

The 3rd Party Property Manager

A landowner/portable home dweller/3rd party property manager desires to expand their living space or develop a nightly rental business with no money down.

To do so, they enter into a master lease for $798 a month over 360 months to acquire a 380-square-foot functional portable home.

The Tax Payer

The taxpayer via an LLC acquires a portable home through a buyout lease, described above, for an initial down payment of $60,000, with the remaining $240,00 payable to a 3rd party lender.

The Manufacturer

Wilson Hand arranges with the manufacturers and sells the portable home on monthly payment terms as described in paragraph 2 above. The lender collects the remaining purchase price from the sums due under the lease agreement.[6] The financier is not a personal guarantor of the financing.

Deduction Layout

Bonus depreciation is not limited to 30% of your taxable income. You can deduct any amount of bonus depreciation. Suppose the deduction creates a net operating loss. In that case, you can carry that amount back to offset the previous year's income and carry forward any unused loss to deduct against future income.

Bonus depreciation can be claimed for assets used in rental activities and other passive activities, as well as in a trade or business.

Generally, bonus depreciation applies to capital assets purchased, not to assets contributed into a partnership.[7] The property purchased by the tax payer includes the portable home and the lease, which cannot be legally separated from each other as the lease represents a "security interest" in the portable home.[8]

Timing

The portable home must be “placed in service” by 2023, to use the full 80% of the bonus depreciation on 2023 taxes. Accordingly, all orders and deposits should be sent by August 31, 2023.

Advantages

The bonus depreciation deduction can generate substantial tax deductions while generating a profit on a fully secured cash outlay.

Steps

1. Wilson Hand creates an LLC. This LLC is funded depending on the number of units being purchased.
2. The LLC purchases a portable home(s) with the funding used as the down payment.
3. We assist in arrangements made by a 3rd party to lease the portable home to a landowner/portable home dweller/business opportunity seeker.
4. Under current depreciation rules, the LLC receives a first-year bonus depreciation deduction of $240,000 or 80% of the asset's basis.
5. The deprecation deduction can offset the income in 2023, 2024, 2025, 2026, and 2027.
6. The LLC passes the bonus depreciation back to the individual.

Frequently Asked Questions

1. What is included in a 4x portable home?

Wilson Hand offers a fully functional home subject to a long-term buyout lease delivered to the lessee and secured by the home and/or real estate of the lessee. Furnishings are not included, but fixtures and set-up are included. All transportation, logistics, and set-up arrangements are coordinated between the lessee and a 3rd party.

2. Who are the lessees, and why do they want a 4x portable home?

The lessees are real estate owners, business opportunity seekers, or families wanting more space, such as for a mother-in-law unit. They are excited to acquire a portable home with very favorable long-term financing terms. A third party procures these individuals and sells the portable homes exclusively, subject to the leases. The homes are part of the purchase price (just like a hotel is sold on a per-door basis, i.e., a structure plus its associated cash flow).

3. Where are the portable homes installed?

The lessees are primarily located in the Western United States.

4. Who is responsible for vacancy, loss, or damage?

The lessee is responsible for paying the monthly buyout rent regardless of the condition or occupancy of the unit.

5. What are the total cash outlays?

The outlay is a one-time down payment of $50,000, $48,000 will be applied to the purchase price of the portable home and 2,000 will be used for legal/administrative fees, with the remainder of the payments financed over 25 years by a 3rd party, and payments are collected directly from the lessee. As described above, there are cashflows to you in year three equal to the total lease payments from the lessee for the year.

6. How do I get started?

We will send you a purchase order and financing agreement, which you will sign and forward along with the one-time payment to our attorney's escrow account. The funds will be used for our next bulk delivery order.

7. How do I ensure the remainder of my purchase price gets paid? Is there recourse against me if it's not?

You sign a collateral assignment document that allows us to collect the lease payments directly from the lessee. Ideally, this would mean that the financing is fully paid by year four. If not, then we would need to ensure that we have a continued security in the unit or that we are receiving payments directly from you. Once the unit is paid in full, 100% of the rent goes to you, and as the owner of the property, if you renegotiate terms with the lessee, then the ongoing agreement will be managed accordingly.

8. Is this a security?

No. the bonus depreciation deduction is not a pooling of interest, nor is it passively managed off the efforts of others with the intent to generate a profit. You own the unit(s) directly and have complete control and discretion over how to continue managing the lease buyout arrangement with your lessee. We provide the package upfront and maintain a collateral assignment of the rent until we are paid in full.

Conclusion

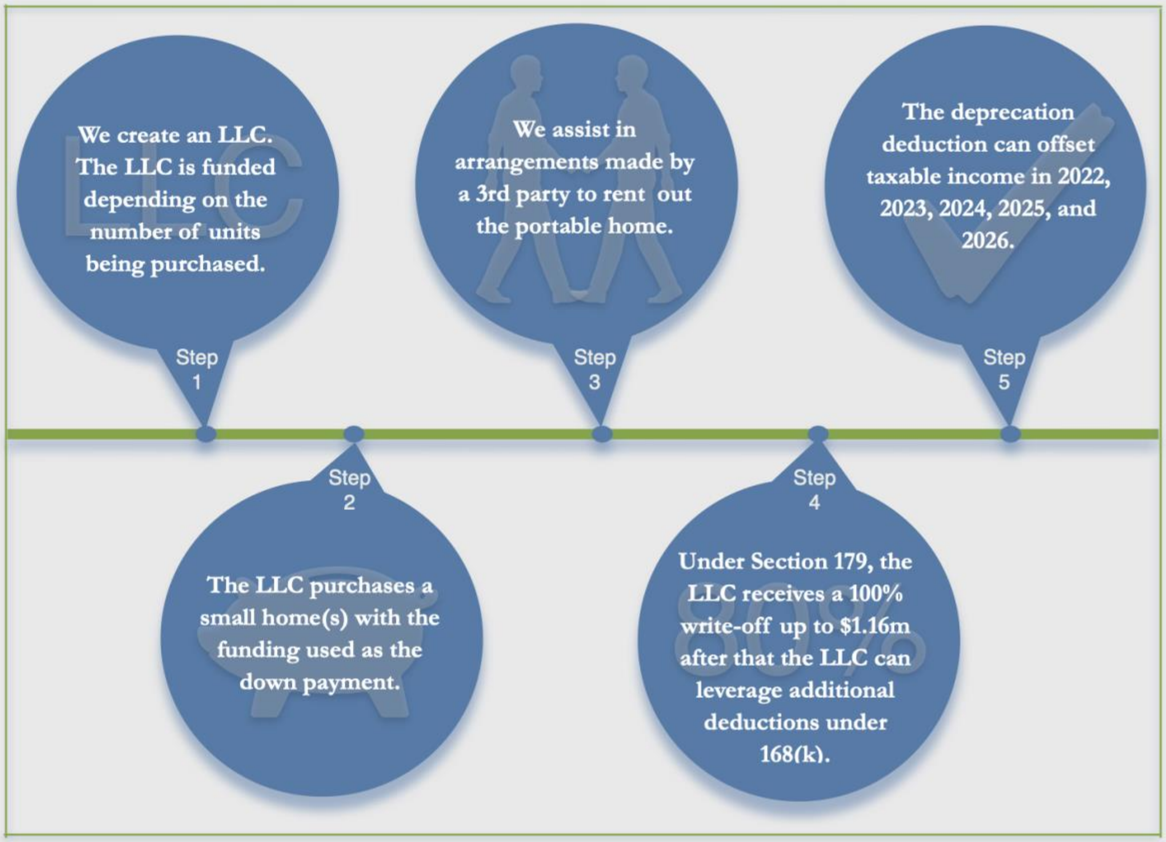
You can generate substantial tax deductions while generating a potential profit on a fully secured cash outlay. There is a 4x tax-weighted return multiple in the first year, with an additional 1x in the remaining four years. We look forward to working with you.

Endnotes

1. Basis is the amount of your capital investment in property for tax purposes. Use your basis to figure depreciation, amortization, depletion, casualty losses, and any gain or loss on the sale, exchange, or other disposition of the property. The basis of an asset is its cost to you. The cost is the amount you pay for it in cash, debt obligations, and other property or services. See https://www.irs.gov/taxtopics/tc703#:~:text=Basis%20is%20generally%20the%20amount,is%20its%20 cost%20to%20you and The Story of Basis https://www.thetaxadviser.com/issues/2010/jun/sullivan-jun10.html.
2. See Rev Ruling 77-291: https://www.taxnotes.com/research/federal/irs-guidance/revenue-rulings/rev.-rul.-77-291/ dcjr?h=*.
3. Bonus depreciation is another category for deductions in addition to Section 179 deductions. If an asset qualifies as a long-term business property under tax rules, bonus depreciation, may allow a business owner to deduct the cost of that asset more efficiently. Bonus depreciation is not subject to any annual limit, and the property does not need to be used in the business at least 51% of the time, as with a Section 179 property. The tax rules instead require the business owner to place the property in service in the year in which they are seeking a deduction for it. Bonus depreciation was initially set to decline gradually until 2020 when it was scheduled to be eliminated entirely. However, the Tax Cuts and Jobs Act altered this plan. It also extended bonus depreciation to the purchase of used property, whereas it previously had applied only to purchases of a new property. For an asset that is placed in service after December 31, 2022 and before January 1, 2024, the first-year bonus depreciation amount is set at 80%.
4. Borrowed cash is full basis, untaxed money in the borrower's hands. These funds may be used to purchase assets witha full-cost basis, enabling the financier to earn profits and suffer losses in operating or disposing of the assets. If the debt is genuine and reasonable in terms of the fair market value of the purchased property, the full amount of borrowed funds generally gives rise to a cost basis. See: https://www.thetaxadviser.com/issues/2010/jun/sullivan-jun10.html.
5. There is no need to discount a note receivable to the present value when determining tax basis. See Peracchi, Donald J. et ux v. Commissioner, where a 10-year note at 11% interest was held to contribute the full face value to the calculation of basis: https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/contribution-of- unsecured-promissory-note-increased-shareholder%27s-basis%3B-dissent-sees/1lz9n.

6. The manufacturer may elect to secure its position with a UCC 1 on the tiny home and/or deed of trust filings against the real estate on which it is installed (and/or other real property of the opportunity seeker).
7. Property contributed to a partnership is not eligible for bonus depreciation, whether or not the tax basis of the property equals the property's fair market value. It was thought that bonus depreciation might apply to the spread between value and basis of contributed property if the partnership applied the "remedial allocation method" to mitigate the effects of the "ceiling rule." Remedial allocations are notional items on the contributed property determined as if that property were acquired by the partnership. However, constructively acquiring the property for remedial allocation purposes does not change the fact that the property was actually contributed to the partnership. So, there is no bonus depreciation on account of remedial allocations.
8. See Uniform Commercial Code §1-203. Lease Distinguished from Security Interest.
    a. Whether a transaction in the form of a lease creates a lease or security interest is determined by the facts of each case.
    b. A transaction in the form of a lease creates a security interest if the consideration that the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease and is not subject to termination by the lessee, and: (1) the original term of the lease is equal to or greater than the remaining economic life of the goods; (2) the lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods; (3) the lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement; or (4) the lessee has an option to become the owner of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement.

Small Advantage - Portable Home



Benefits

- Your choice of Section 179 or Section 168K bonus depreciation Treatment.
- Substantial tax deductions while generating a potential profit on a fully secured cash outlay.
- Under Section 179 the business can write-off up to $1.16m. After that under 168(k) there is a 4x tax weighted return multiple in the first year, with an additional 1x in the remaining four years.

Questions

? What are the total cash outlays?

The outlay is a one-time down payment of $60,000 with the remainder of the payments financed over 30 years by a 3rd party and payments are collected directly from the lessee.

? Who are the lessees of the portable home?

They are real estate owners, business opportunity seekers, or families wanting more space, such as for a mother-in-law unit.

Projected

Section 179

Purchase Price	$300,000
Down Payment	$60,000
Year One Deductions	$300,000
Ratios	
First Year Deduction to Outlay	5
Net Value of Deduction at 40% Tax Rate	$120,000

Projected

Section 168K

1st Year Deduction	$240,000
2nd Year Deduction	$15,000
3rd Year Deduction	$15,000
4th Year Deduction	$15,000
5th Year Deduction	$15,000
Net Value of Deduction at 40% Tax Rate	$120,000
First Year Deduction to Outlay	5
First Year Deduction to Outlay	4
Tax Weighted Return Multiple On Cash Outlay	2

Small Advantages - Portable Home

$60,000

Participation Boundaries:
One-time $60,000 down payment toward the purchase of a tiny home that is subject to a cash-flow buyout lease with a remaining $240,000 per unit payable out of future cash flows.

Under current depreciation rules, the financier receives a first-year bonus depreciation deduction of $240,000 or 80% of the asset's basis.

There is a 4X multiple in the first year, with another 1X annually for the next four years.

BENEFITS

YOUR CHOICE OF SECTION 179 OR SECTION 168K BONUS DEPRECIATION TREATMENT.

SUBSTANTIAL TAX DEDUCTIONS WHILE GENERATING A POTENTIAL PROFIT ON A FULLY SECURED CASH OUTLAY.

UNDER SECTION 179 A BUSINESS CAN WRITE-OFF UP $1.16M. AFTER THAT,UNDER 168(K) THERE IS A 4X TAX WEIGHTED RETURN MULTIPLE IN THE FIRST YEAR, WITH AN ADDITIONAL 1X IN THE REMAINING FOUR YEARS.

OFFSET INCOME TYPES:
1099
SCHEDULE C
SCHEDULE K

BONUS DEPRECIATION

Year	Bonus Depreciation
2023	80%
2024	5%
2025	5%
2026	5%
2027	5%

PROJECTED SUMMARY
SECTION 179

Purchase Price	$300,000
Down Payment	$60,000
Year One Deductions	$300,000
Ratios	
First Year Deduction to Outlay	5
Net Value of Deduction at 40% Tax Rate	$120,000

PROJECTED SUMMARY
SECTION 168K

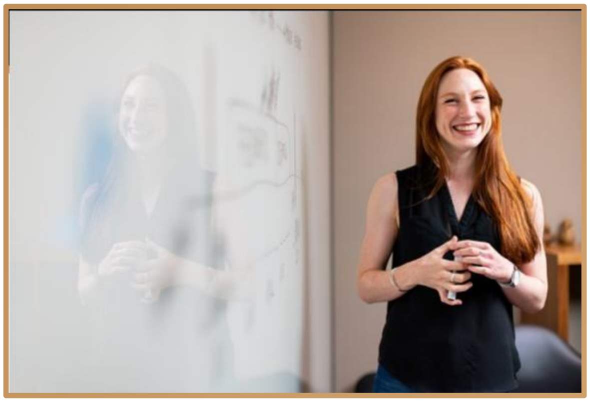
1st Year Deduction	$240,000
2nd Year Deduction	$15,000
3rd Year Deduction	$15,000
4th Year Deduction	$15,000
5th Year Deduction	$15,000
Net Value of Deduction at 40% Tax Rate	$120,000
First Year Deduction to Outlay	5
First Year Deduction to Outlay	4
Tax Weighted Return Multiple On Cash Outlay	2

Participation Types:
Section 179: Allows you to take 100% in the first year, with a maximum deduction of $1,160,000. Section 168K: Allows you to take 80% in the first year, and 20% over the next four years.

Small Advantage – ADU Business Case Study

Lindsay Scenario

Story:



Lindsay is an entrepreneur who started a staffing agency helping restaurants with staffing issues by having a team of “on-call” wait staff, cooks, and busboys. Lindsay did not realize how fast her agency would scale up and she was able to open 3 offices in the Phoenix area in the first 3 years.

Lindsay’s agency has contracts with several national chain restaurants that are looking for her to expand into other areas of the country. Lindsay projects that each region will increase her agency’s profits by $1,500,000 after the first year.

This is the fifth year and Lindsay’s agency is projected to make a profit of $3,600,000 this year and open 2 more offices in Texas and Washington. Lindsay is concerned about the agency’s tax liabilities. Lindsay met with her financial advisor to go over her concerns and how to plan for her agency’s potential tax issues. Her advisor discussed some exclusive tax mitigation strategies and how Lindsay may be able to relieve some of the tax burdens she is facing.

Solution:

Based on Lindsay’s projection of $3,600,000 for 2023, she will owe 40% in state and federal taxes, resulting in a tax obligation of $1,440,000. Lindsay’s advisor recommended that she participate in a tax mitigation strategy that combines Section 179 and Section 168(k) bonus depreciation deductions.

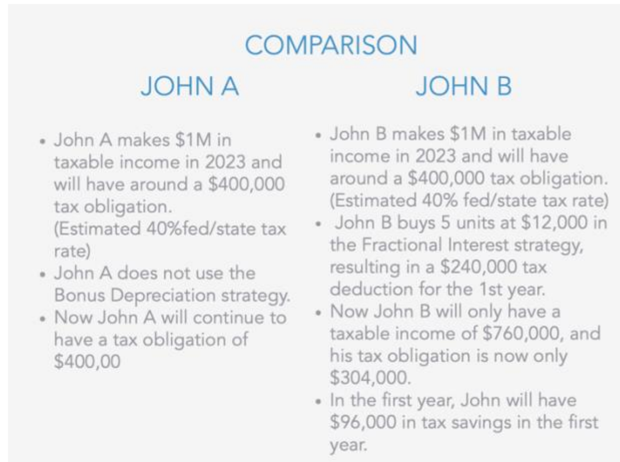
Lindsay will purchase eight Small Advantage capital assets for a total of $480,00 equity from her agency and a $1,920,000 loan provided by the strategy. Lindsay will split the capital assets between Section 179 and Section 168(k) to maximize her deductions. Lindsay will use the maximum allowed under Section 179, $1,160,000, in the first year, and the remaining $1,440,000 will be allocated in years 2-5 under Section 168(k).

Result:

As a result of utilizing Section 179 combined with 168(k), Lindsay will be able to decrease her agency’s tax liability significantly over the next five years. In year one, Lindsay will use Section 179, to deduct the maximum allowed of $1,160,000. Resulting in net savings of $680,000 (deduction minus cost of equity). In years 2 – 5, Lindsay can deduct $360,000 each year under Section 168(k).

Partnership Special Allocation

Overview



The Partnership Special Allocation program is a chance to acquire a 99% stake in a Series LLC. The 99% stakeholder will be the Controlling Member of the Series LLC. The Master LLC will hold the other 1% stake and will be the Managing Member. The Client will be the Controlling Member of the LLC and make a capital contribution to the Series LLC. The Series LLC acquires a 3rd party interest-only 15.5 year/balloon loan.

The Master LLC will provide forecasts projecting the present value of the pre-tax profit from the participation as greater than ninety percent (90%) of the current value of the expected net tax benefits from participation. Accordingly, the transaction would likely be treated as having economic substance if the 90% projection is reasonably based on the market.

The Controlling Member will fund the LLC. This contribution will be split between the capital contribution, legal fees, and start-up expenses. The LLC will also acquire a 3rd party loan.

This strategy will utilize a Section 465 tax deduction. This deduction allows a taxpayer to deduct losses from any "at-risk" activity. This deduction type has no limitation and can exceed the amount of the economic risk. The "at-risk" amount combines capital contribution, loan, legal fees, and start-up expenses. The "at-risk" amount results in a negative K-1 in the first year. The LLC will pass the negative K-1 back to the Client.

Benefits

- The Master LLC manages the series LLC.
- Only losses will be passed to the Client from the series LLC.
- In the first year, the Series LLC generates a negative K-1 of a 10:1 loss of the capital contribution.
- The LLC passes the negative K-1 back to the Controlling Member.

The Parties

Tax Payer/Client

The Client will be a 99% Owner / Controlling Member of the Series LLC.

Wilson Hand/Law Firm

The Law Firm will establish the partnership between the Client and the Master LLC.

Master LLC

The Master LLC will be a 1% Owner / Managing Member of the Series LLC.

3rd Party Loan Provider

The Series LLC will acquire a 3rd party interest-only 15-year/balloon loan for 4.5 times the capital contribution.

Income Types

This program allows clients to reduce their federal and state income, estate, and gift tax obligations. This partnership will generate a negative K-1 in the first year, which will be used to reduce the amount of taxes owed.

Deduction Layout

This program utilizes the Section 465 tax deduction, which allows individual taxpayers to deduct losses from an activity only to the extent they are "at-risk" concerning the activity at the end of the taxable year. Under Section 465, the taxpayer can deduct the amount at risk in an activity. With no loss deduction limitations, Section 465 losses usually exceed the economic risk amount. The amount the taxpayer will be at risk is the capital contribution, loan, legal fees, and start-up expenses. These items are what creates the Section 465 deduction.

Profit and Losses

The Series LLC will be allocated as follows:

Year 1: 100% of all items of income and gain will be allocated to Master LLC, and 100% of all items of loss and deduction will be allocated to the Client.

Years 2 through 14: All items of income, gain, loss, and deduction will be allocated to the members in accordance with their percentage interests (i.e., 1% to Master LLC and 99% to the Client).

Year 15: 100% of all items of income and gain will be allocated to the Client, and 100% of all items of loss and deduction will be allocated to Master LLC until the first-year allocations have been reversed; then, once all first-year allocations have been reversed, all subsequent allocations will be allocated to the members in accordance with percentage interests.

Loan

The Series LLC will acquire a 3rd party loan. The loan will have an interest rate at or above the applicable federal rate (AFR). However, the Series LLC can accrue the interest until maturity, known as a balloon loan. This balloon loan will be for 15 years from the date that the loan is acquired. Although it is unlikely that the Series LLC will default on the loan because of the 15-year balloon loan, if the Series LLC does default on the loan, the Controlling Member will be unconditionally obligated to make an additional capital contribution to the Series LLC.

Term of Series LLC

The Series LLC will only dissolve and be liquidated upon a unanimous vote of its members, including the Client. The net proceeds of liquidation would be made in accordance with capital accounts. Any member with a deficit capital account would be obligated to restore that deficit on liquidation. Still, it would not be anticipated that any member would have a deficit capital account on liquidation because it is not expected that Series LLC will be dissolved and liquidated before year 15, when the first-year allocations are expected to be reversed.

Trade Securities

The Series LLC will actively trade securities. It will do so with funds contributed by the Controlling Member and the funds borrowed as a line of credit extended to it by the Lender LLC.

Distributable Cash

Cash distributed by the Series LLC, if any, will be distributed at such times as approved by the manager. When distributed, it will be allocated first to the Managing Member until the accrued but unpaid preferred return payable to the Client, i.e., a 3% preferred return, has been paid in full, then to Master LLC, and then to the members in accordance with their percentage ownership of the Series LLC.

Forecasts

The Master LLC will provide the Client with forecasts projecting the present value of the pre-tax profit from the participation as greater than ninety percent (90%) of the current value of the expected net tax benefits from the participation. Accordingly, the transaction would likely be treated as having economic substance as long as the 90% projection is reasonably based on the market.

Economic Effect

The Series LLC will meet the capital account requirement, the distribution requirement, and the deficit makeup requirement to make the allocations should be considered to have a substantial economic effect. The Client has a net operating loss carryover. The after-tax economic consequences for the Client will be substantially diminished, even considering the net operating loss carryover. It is highly unlikely that the allocations would fail the "overall-tax-effect" tests and, as a result, would be considered to have a substantial economic effect for the Client.

Advantages

The Series LLC passes the expenses and non-passive losses back to the Client as a negative K-1.

Steps

1. The LLC is created. Both the Client and Master LLC are members of the Series LLC.
2. A capital contribution from the Client is made to the Series LLC.
3. The Series LLC provides a 3rd party interest-only loan with a 15.5 year/balloon payment
4. The capital contribution, loan, and start-up expenses all contribute to a first-year loss.
5. The Series LLC generates a negative K-1 on the first-year losses.

Opinion

Based on our analysis of the relevant Tax Laws, it is our opinion that:

1. The capital contribution by the Client will likely have economic substance as that term is used in IRC Section 7701(o).
2. It is more likely than not that the loss allocations to the Client will be respected under the regulations promulgated under IRC Section 704(b).
3. It is more likely than not that the Client will be at risk concerning participation under IRC Section 465.
4. It is more likely than not that the losses allocated to the Client will not be considered passive activity losses under IRC Section 469.

Frequently Asked Questions

What are at-risk rules?

> The "at-risk rules" are a set of tax provisions in the US Tax Codes that limit the amount of deductible losses a taxpayer can claim from certain business activities or investments. For individuals, estates, trusts, and closely held C corporations, deductions of business- or investment-related losses from an activity for a tax year are limited to the amount the taxpayer is at risk.

What are the limits of at-risk?

> Under the at-risk rules, a taxpayer can only deduct losses to the extent that they have invested actual money or are legally obligated to cover potential losses in a business activity. If a taxpayer's investment is not "at risk," they may be unable to claim certain deductions related to that investment.

What is loss?

Loss is generally defined as the excess of deductions allowed over the income received or accrued from an investment in an activity.

How are losses funded?

A partnership may fund initial losses and/or distributions to its partners by incurring debt. The allocation of nonrecourse debt to a partner provides a tax basis to avoid loss limitation under Sec. 704(d) and can facilitate tax-free distributions.

What is partnership debt?

A partnership that incurs debt does not necessarily result in a partner's being deemed at risk for a ratable share of the debt. However, partners must generally enter a deficit restoration obligation (DRO).

What is deficit capital account restoration (DRO)?

The need for a deficit restoration obligation can arise when the partnership faces financial losses or partners have received more distributions (profits or withdrawals) than they were entitled to basis on their ownership percentage. This obligation helps maintain the financial integrity of the partnership by ensuring that each partner has a positive capital balance that reflects their fair share of ownership and responsibility for the partnership's debts and losses.

How will a partnership's at-risk basis in a partnership be calculated?

A taxpayer's initial amount at risk in an activity (sometimes referred to as an "at-risk basis") is calculated by combining the taxpayer's cash investment with any amount that the taxpayer has borrowed and is personally liable for (Sec. 465(b). A taxpayer's amount at risk is measured annually at the end of the tax year Sec. 465(a)(1). The at-risk basis is increased annually by any amount of income more than deductions, plus additional contributions. It is decreased annually by the amount that deductions exceed income and distributions.

What is the difference between at-risk and tax basis?

At-risk and tax bases often need clarification because many of the same components are included in both calculations.

Tax Basis:

A partner's initial tax basis in the partnership interest is defined by reference to various provisions throughout the Internal Revenue Code. Generally, it includes the cash value, the adjusted basis of other assets contributed to the partnership, and the partner's share of partnership liabilities.

At-risk:

The at-risk basis is calculated by adding up a taxpayer's cash contributions, property contributions (adjusted basis), and any borrowings for which they are liable or have pledged property as collateral (recourse debts). It also includes borrowings for holding real property when no one is liable for repayment (qualified nonrecourse debts) and any passthrough income exceeding the activity's deductions.

What is an activity?

If you're involved in one of the following activities as a trade or business or for the production of income, you're subject to the at-risk rules.

1. Holding, producing, or distributing motion picture films or video tapes.
2. Farming.
3. Leasing section 1245 property, including personal property and other tangible property that's depreciable or amortizable.
4. Exploring for, or exploiting, oil and gas.
5. Exploring for, or exploiting, geothermal deposits as a trade or business or for the production of income.

Conclusion

By becoming the Controlling Member of the Series LLC, a taxpayer can generate substantial tax deductions utilizing Section 465. The partnership satisfies the "At risk" rules of Section 465 and meets the economic substance requirements. The partnership income and losses are not subject to the passive loss rules. Additionally, the proposed arrangement satisfies the requirements of the economic substance doctrine. By combining the capital contribution, legal fees, start-up expenses, and loan acquired by the Series LLC, the taxpayer will receive a 10:1 tax-weighted return multiple on the capital contribution as a negative K-1. We look forward to working with you.

Partnership Special Allocation

$200,000

Participation Boundaries:
A minimum LLC Funding of $200,000 is made by the Client to the Series LLC. A $100,000 capital contribution and $100,000 for legal fees and start-up expenses.

The Series LLC obtains a 3rd party loan that creates a Debt Restoration Obligation.

10:1

There is a first year 10:1 loss of the capital contribution amount.

BENEFITS

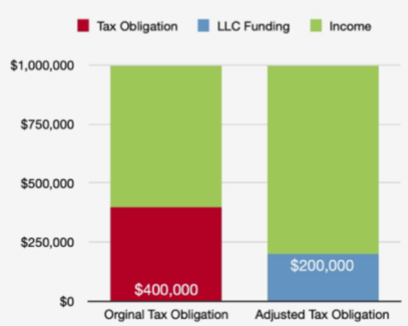
THE SERIES LLC GENERATES A NEGATIVE K-1 OF 10:1 OF THE CAPITAL CONTRIBUTION WHEN OFFSETTING ORDINARY INCOME.

THE SERIES LLC IS MANAGED BY THE MASTER LLC.

ONLY LOSSES WILL BE PASSED TO THE CLIENT FROM THE

JOHN

- John has an income of $1M in 2023 and will have a $400,000 tax obligation. (Estimated 40% fed/state tax rate)
- John funds the Series LLC with $200,000, a $100,000 capital contribution, and $100,000 for legal fees and start-up expenses.
- The LLC will provide a loan of $900,000.
- The result of these combined actions is a negative K-1 of $1,000,000.
- John's taxable income is reduced to $0, and his tax obligation will be reduced to $0.
- John saves $400,000 in taxes with a $200,000 LLC funding.
- John has a net gain of $200,000.



Client
99% Owner
Controlling Member

Master LLC
1% Owner
Managing Member

New Series LLC

Client make a capital contribution to the Series LLC.

Special Allocation/Attribution:
-Profits from investments allocated to the Master LLC
-Expenses/losses allocated to the Client

The Series LLC provides a 3rd party loan. The capital contribution, loan, and start-up expenses all contribute to a first-year loss.

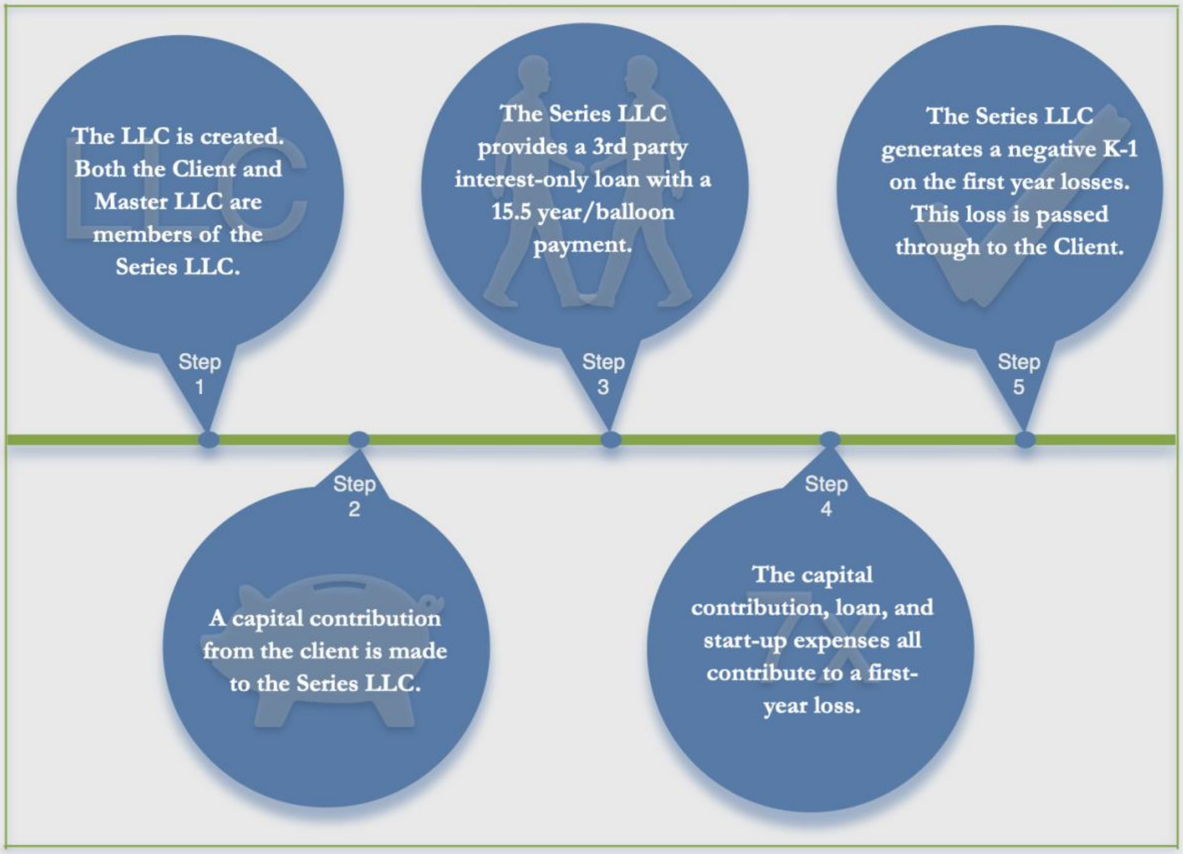
The expenses and non-passive losses result in a negative K-1 to the Client.

The loan creates a Debt Restoration Obligation. (D.R.O.)

The loan, capital contribution, and start-up expenses Create a 10:1 loss of the capital contribution amount.

The series LLC engages in Active Investing:
-Foreign Currency Exchange
-Factoring High Volume Trading

Partnership Special Allocation



Benefits

The Series LLC generates a negative K-1 of 10:1 of the capital contribution.

The Series LLC is managed by the Master LLC.

Only losses will be passed to the client from the partnership.

John

- John has an income of $1M in 2023 and will have a $400,000 tax obligation. (Estimated 40% fed/state tax rate)
- John funds the Series LLC with $200,000, a $100,000 capital contribution, and $100,000 for legal fees and start-up expenses.
- The LLC will provide a loan of $900,000.
- The result of these combined actions is a negative K-1 of $1,000,000.
- John's taxable income is reduced to $0, and his tax obligation will be reduced to $0.
- John saves $400,000 in taxes with a $200,000 LLC funding.
- John has a net gain of $200,000.

Partnership Special Allocation - Case Study

Scenario Coming Soon

Story:

Introducing Ethan, a skilled anesthesiologist at the renowned Mayo Clinic in Rochester, Minnesota. At 48, Ethan is seeking ways to optimize his financial situation.

Ethan's annual income as an anesthesiologist stands at $670,000. Located in Rochester, Minnesota, Ethan faces a tax rate of 43%. Before now, he has not thought much about his taxable income, but with two children attending prestigious universities, he is now looking at ways to pinch every penny he can.

Ethan talks with his financial planner about the budgeting issues. Surprisingly his financial planner believes that one of the avenues they can take to free up more cash in the coming years is to reduce Ethan's taxable income. This tax mitigation strategy will help Ethan by lowering his taxable income, to help offset the educational expenses for his children.

Solution:

Ethan is considering implementing the Small Advantage - ADU - Individual strategy to maximize his tax benefits.

Now, let's delve into the specifics of Ethan's tax-saving plan. Ethan plans to purchase one unit under Section 168(K) for $300,000. To secure the unit, Ethan provides a down payment of $60,000 and a loan provided by the manufacturer for $240,000.

Through this strategy, Ethan can claim substantial deductions over five years. In the first year, Ethan can deduct $240,000, followed by deductions of $15,000 in each subsequent year, totaling $300,000 in deductions.

By strategically utilizing these deductions, Ethan can significantly reduce his taxable income and, ultimately, his tax liability.

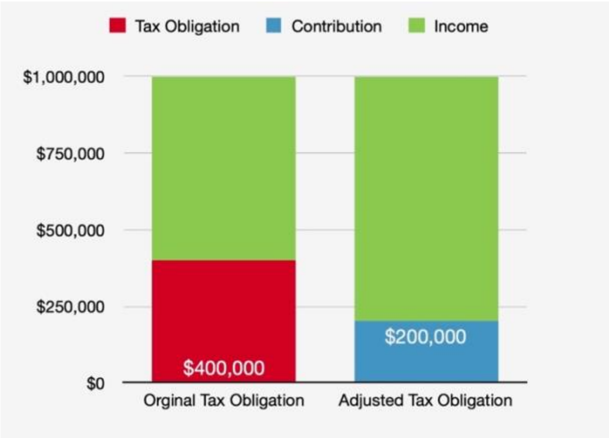
Result:

Before considering the deductions, Ethan's taxable income is $670,000, resulting in a tax obligation of $288,100. However, after applying the deduction, Ethan's taxable income is adjusted to $430,000, reducing his tax obligation to $184,900.

Enhanced Donor Contribution

Overview

The Enhanced Donor Contribution program is a strategy that enables charitably inclined high-earners to make large-size tax-deductible contributions to charitable organizations utilizing third-party loans. This program will create a cash donation of 5 time the amount of the contribution from the taxpayer. This contribution will be donated to a vetted 501c3 charity. This donation will create a Schedule A deduction.



For individual taxpayers, Schedule A is used in conjunction with Form 1040 to report itemized deductions. If you choose to claim itemized deductions instead of the standard deduction, you would use Schedule A to list your deductions. Your itemized total is then subtracted from your taxable income. A taxpayer can claim a deduction for qualified charitable contributions, up to 60% of their Adjusted Gross Income (AGI).

Steps

1. Taxpayer desires to make a large cash donation.
2. Taxpayer borrows from a third-party lender using grantor trust as a borrower.
3. Loan is secured by a life insurance contract obtained on the life of the donor.
4. Charitable organization receives cash and issues a gift receipt in the name of the grantor trust.
5. Taxpayer claims a deduction for cash donation on the tax return (Schedule A).

The Parties

The Taxpayer/Client

The Client will make a contribution that will go toward a cash donation to a 501c3 charity.

Wilson Hand/Law Firm

The Law Firm will create all necessary paperwork for the charitable contribution.

501c3 Charity

The charitable organization receives cash and issues a gift receipt in the name of the grantor trust.

Third Party Loan Provider

The taxpayer will enter into a loan with a third-party provider that will use the using grantor trust as a borrower.

Life Insurance Policy

Loan is secured by a life insurance contract obtained on the life of the donor.

Income Types

This program allows clients to reduce their federal and state income, estate, and gift tax obligations. The donation will generate a Schedule A deduction, which will be used to reduce the amount of taxes owed.

Loan

The taxpayer will enter into a loan with a third-party provider. The loan will have an interest rate at or above the applicable federal rate (AFR). The third-party provider will use the grantor trust as the borrower. This loan will be paid by the estate of the taxpayer at death. There will be a subsidy for the death benefits if a life insurance policy is used to pay back the loan. Wilson Hand will also hold $0.20 for every dollar of the legal fees to be invested or to obtain a life insurance policy.

Assets

The amount that is contributed by the tax payer will be split in half. 50% of the funds will be used for the cash contribution and 50% of the funds will be used for legal fees and expenses. From the legal fees and expenses, $0.20 of every $1.00 will be a subsidy that the tax payer can use to offset the loan at death. These funds can be used as a contribution to a life insurance policy or can be invested to help offset the loan at death. A loan will be obtained by a third-party provider for 4.5 times the amount of the contribution made by the tax payer. This loan will be combined with the client's charity contribution and donated to the charity as a cash donation.

Contribution: $200,000
Client Charity Contribution: $100,000
Legal Fees and Expenses: $100,000
Subsidy: $20,000
Loan: $900,000

Benefits

- 5:1 Tax Savings with a Schedule A
- Increase Charitable Giving
- Ability to Create Perpetual Giving

Deduction Layout

Schedule A is used in conjunction with Form 1040 by individual taxpayers to report itemized deductions. Instead of claiming the standard deduction, itemized deductions would be listed on Schedule A. The itemized total is then subtracted from your taxable income. Taxpayers can deduct up to 60% of their adjusted gross income for qualified charitable contributions.

Conclusion

The Enhanced Donor Contribution program is ideal for high-earners with a charitable inclination. This strategy involves utilizing third-party loans to make large tax-deductible donations to charity. The program generates a cash donation that is five times the amount of your contribution, that is then donated to a 501c3 charity that has been carefully vetted. This generates a Schedule A deduction, which is used in conjunction with Form 1040 to report itemized deductions for individual taxpayers. We look forward to working with you.

Enhanced Donor Contribution

This strategy enables charitably-inclined high-earners make large tax-deductable contribtions to 501c3 charities utilizing third party loans.

$200,000

Participation Boundaries:
A minimum contibution of $100,000 is required to participate in this strategy. The contribution will fund part of the donation, and all of the legal fees and expenses.

5:1

The 501c3 charity will provide a Schedule A to the taxpayer for the amount of the donation.

BENEFITS

INCREASE CHARITABLE GIVING

LOAN PAID FROM ESTATE AFTER DEATH.

5:1 TAX SAVINGS WITH A SCHEDULE A

FREQUENTLY ASKED QUESTIONS

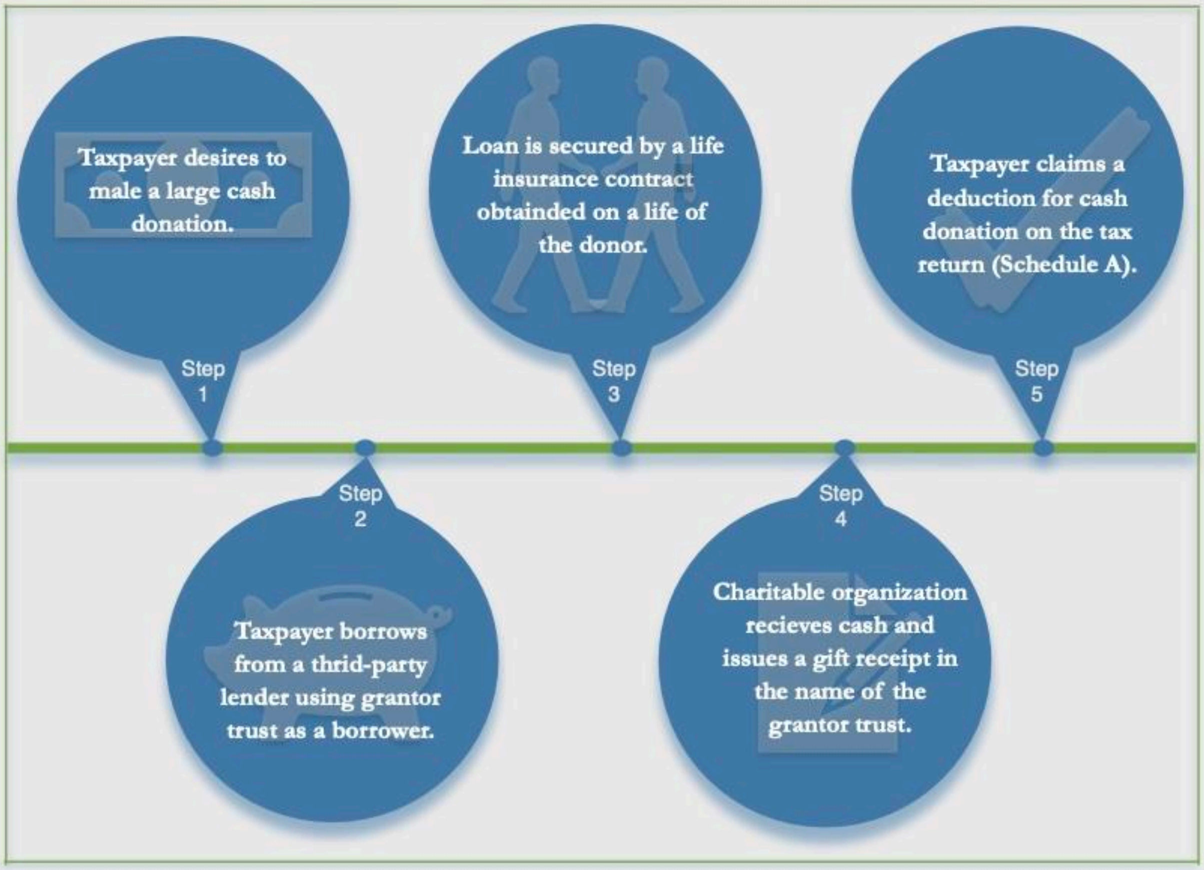
What is IRS rule for using a loan to make a charitable gift?
The IRS has ruled that when debt to a third party is used to make a charitable contribution the taxpayer is entitled to a charitable contribution deduction under IRC §170(a) in the year the gift was made.Rev. Rul. 78-38, 1978-1 C.B. 67, Granan .v Comm. 55 CT. 753 (1971).

What is the interest rate for the loan?
The interest rate is set at the IRS applicable federal rate (AFR) for a demand note. The rate changes all the time; however, over the past 50 years it has averaged 3%.

JOHN

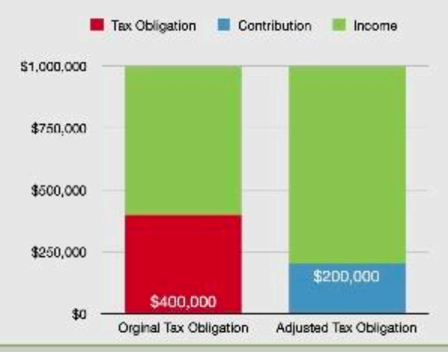
- John has an income of $1M in 2023 and will have a $400,000 tax obligation. (Estimated 40% fed/state tax rate)
- John's contribution to the program will be $200,000; a $100,000 charitable contribution, and $100,000 for legal fees and expenses.
- The LLC will provide a loan of $900,000.
- The result of these combined actions is a Schedule A with a deduction of $1,000,000.
- John's taxable income is reduced to $0, and his tax obligation will be reduced to $0.
- John saves $400,000 in taxes with a $200,000 LLC funding.
- John has a net gain of $200,000.

Enhanced Donor Contribution



Benefits

- increase Charitable Giving
- Loan Paid from Estate After Death
- 5:1 Tax Savings with a Schedule A



John

- John has an income of $1M in 2023 and will have a $400,000 tax obligation. (Estimated 40% fed/state tax rate)
- John's contribution to the program will be $200,000; a $100,000 charitable contribution, and $100,000 for legal fees and expenses.
- The LLC will provide a loan of $900,000.
- The result of these combined actions is a Schedule A with a deduction of $1,000,000.
- John's taxable income is reduced to $0, and his tax obligation will be reduced to $0.
- John saves $400,000 in taxes with a $200,000 LLC funding.
- John has a net gain of $200,000.

Enhanced Donor Contribution Case Study

Richard Scenario

Story:

Richard (63) is an orthodontist who lives in Illinois. He has built his orthodontist practice to the point that he has multiple locations around Chicago. Richard has 5 locations and an average of 10 employees at each location. He has decided that it is time to retire and sell his practice. Richard and his financial planner have discussed selling the practice for a few years. They have estimated that selling the practice could take eight to ten months, and with the recent appraisal coming back at $4,200,000 for the practice, Richard is ready to start the process. Richard is aware that there will be a 20% federal capital gains tax, 5% state tax, and 4% net investment income tax. Richard's financial planner has some positive news. There is a way for Richard to sell the business that allows him to permanently defer the capital gains tax liability.

Solution:

Richard decides to participate in a capital gains deferral strategy. He can sell his business and defer the $1,218,000 in capital gains taxes he would otherwise pay with a traditional business sale structure. Richard sells his orthodontics practice to an intermediary trust for $4,200,000. The trust gives Richard a promissory note for the $4,200,000. This promissory note outlines a structured payment plan that allows him to keep the sale's principal in the trust.

Result:

The trust captures the total principal amount of the sale, and Richard has avoided a tax liability of $1,218,000. Richard knows that the trust will earn between 2% - 5%, and his distribution will be $84,000 - $210,000 annually. Between the distributions and the other investments Richard has made, he believes he can avoid taking a distribution from the trust's principal for many years, if ever. If Richard never receives a distribution from the trust's principal, he will not have to pay capital gains tax on the principal. However, if Richard eventually does need to have the principal distributed to him, he will only have to pay taxes on what is being distributed from the trust.

Capital Gains

Overview

A taxpayer owns a business or has an individual asset that has increased in value since they purchased it. When they are ready to sell the item, the taxpayer discovers that they will be paying approximately 28% of the increase in value as federal and state capital gains tax.

Selling the asset into an Intermediary Trust and having the trust facilitate the asset's sale will protect the taxpayer from paying the capital gains tax all at once.

The sale of the taxpayer's asset to the Intermediary Trust is classified as an "installment sale." An "installment sale" is defined under Section 453 of the Internal Revenue Code. IRC 453 has been around for over ninety years and is considered well-settled law.

Traditional Sale

Asset Worth	$10,000,000
Capital Gains Tax	$2,800,000
Remainder	$7,200,000

Capital Gains Strategy

Asset Worth	$10,000,000
Sell To Trust	$10,000,000
Promissory Note	$10,000,000
Capital Gains Tax	$0
Distributions*	$200,000 - $500,000 Yearly

The sales contact is a legal contract between the seller and the Intermediary Trust. The taxpayer enters into an installment sale contact with the Intermediary Trust. The trust acts as a third party to help facilitate the sale of your business or property. The taxpayer sells their asset to the Intermediary Trust. The trust then sells the asset to the ultimate buyer. The trust gives the taxpayer a promissory note, which promises to pay them the sale proceeds in structured installments. The taxpayer, as the seller, can decide how they want their money paid out. For example, the taxpayer can defer paying capital gains tax by investing their entire profit and receiving the interest of your investment.

Once the taxpayer sells their asset to the trust, they have a choice: if they don't need the income right away, they can invest the entire sum of their profits and collect the interest without paying capital gains tax. If the taxpayer need a portion of the money, they can pay some of the capital gains tax upfront on that portion and then invest the rest, deferring the taxes on the rest.

At any time, the taxpayer can choose to alter their payment structure. they have the freedom to defer their capital gains tax indefinitely. Or they can even withdraw the entire amount and pay the capital gains tax upfront if needed. Our specialists will work with the taxpayer to determine their financial goals.

Process

The taxpayer sells an asset to an Intermediary Trust. After the sale, the trust gives the taxpayer a promissory note, which promises to pay them the sale proceeds in structured installments. The trust in turn sells the asset to the ultimate buyer.

Deduction Layout

By using a capital gain deferral method of selling an asset to the Intermediary Trust, a taxpayer can reduce or defer state and federal capital gains tax. After the taxpayer sells an asset to the trust a promissory note is issued to the taxpayer that outlines the structured installments. By not distributing the full amount of the sale from the trust the taxpayer only has to pay capital gains tax on the amount that is distributed from the trust. The trust will then sell the asset to the ultimate buyer.

Legal Summary

The installment sale is a legal and proven way to defer capital gains taxes. The Intermediary Trust is governed by Section 453 of the Internal Revenue Code. The Intermediary Trust has a track record of over twenty years of success. There have been thousands of closures and no legal issues regarding the IRS. There have only been a handful of IRS audits, which have all been released without any change.

Tax Opinion

IRC 453

The sale of your asset to the Intermediary Trust is classified as an "installment sale." An installment sale is found under Section 453 of the Internal Revenue Code. IRC 453 is considered well-settled law.

Assets

Below are just some of the assets that are eligible to be sold to the Intermediary Trust:

Small Businesses
Medical Practices
Dental Practices
Optometry Practices
Ophthalmology Practices
Veterinary Practices
Estates
Commercial Properties
Land
Real Estate

Art Collection Antiques
Jewelry

Steps

1. Wilson Hand sets up a 3rd party Intermediary Trust.
2. The taxpayer sells an asset to an Intermediary Trust utilizing an installment sale.
3. The Intermediary Trust issues a promissory note to the seller.
4. The Intermediary Trust pays the agreed installment payments to the seller, including any distributions.
5. The Intermediary Trust sells the asset to a buyer.

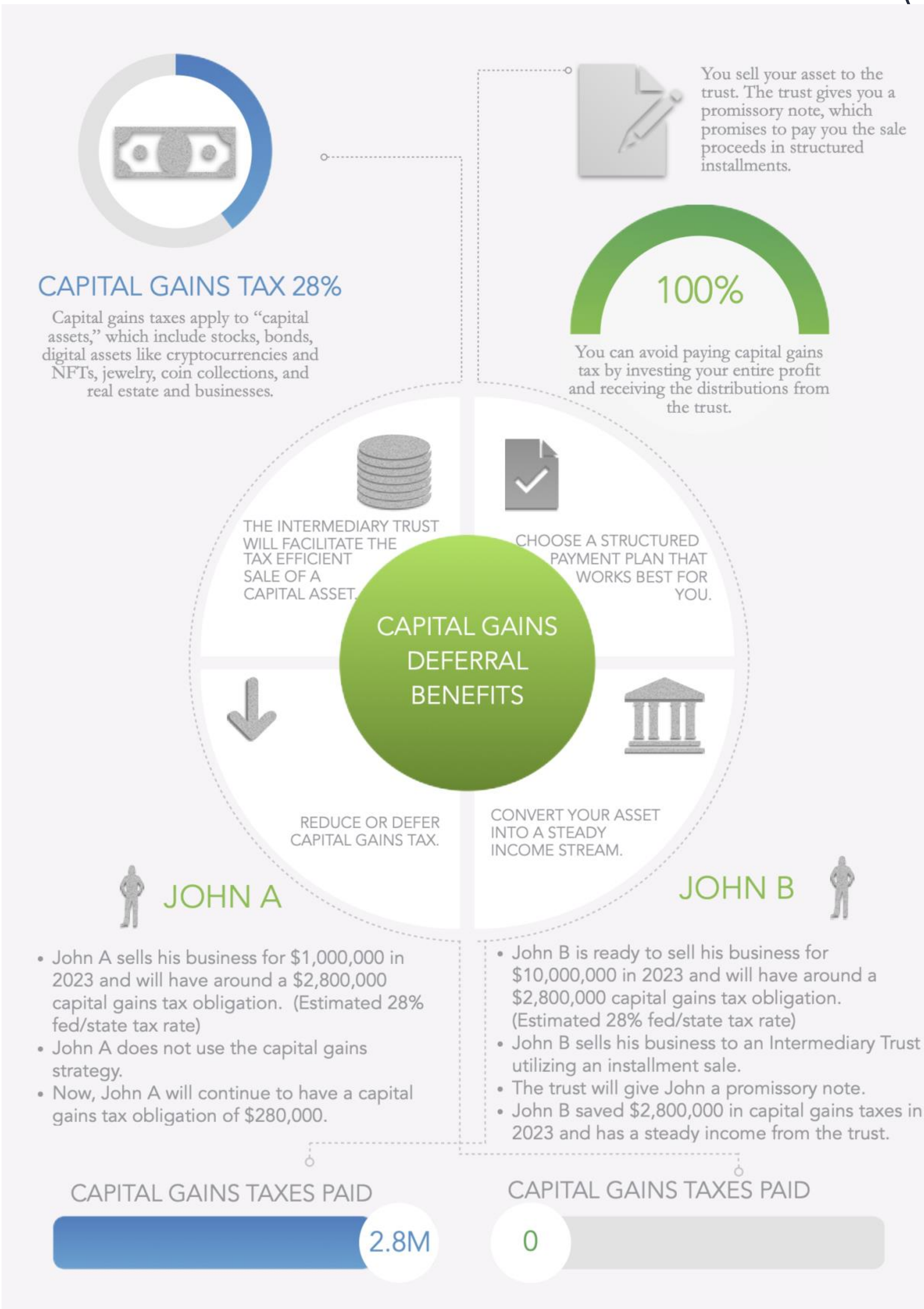
The Parties

The following parties are involved in the capital gain strategy:

1. Client: The client is a person or business with an asset to sell.
2. Strategic Partner: The Strategic Partner is the agent who connects a client with Wilson Hand.
3. Wilson Hand: Wilson Hand is the law firm that assists in putting the transaction together and drafts the necessary legal documents, and provides legal answers to you.
4. Buyer: The buyer is the person or business that purchases the asset from the trust.

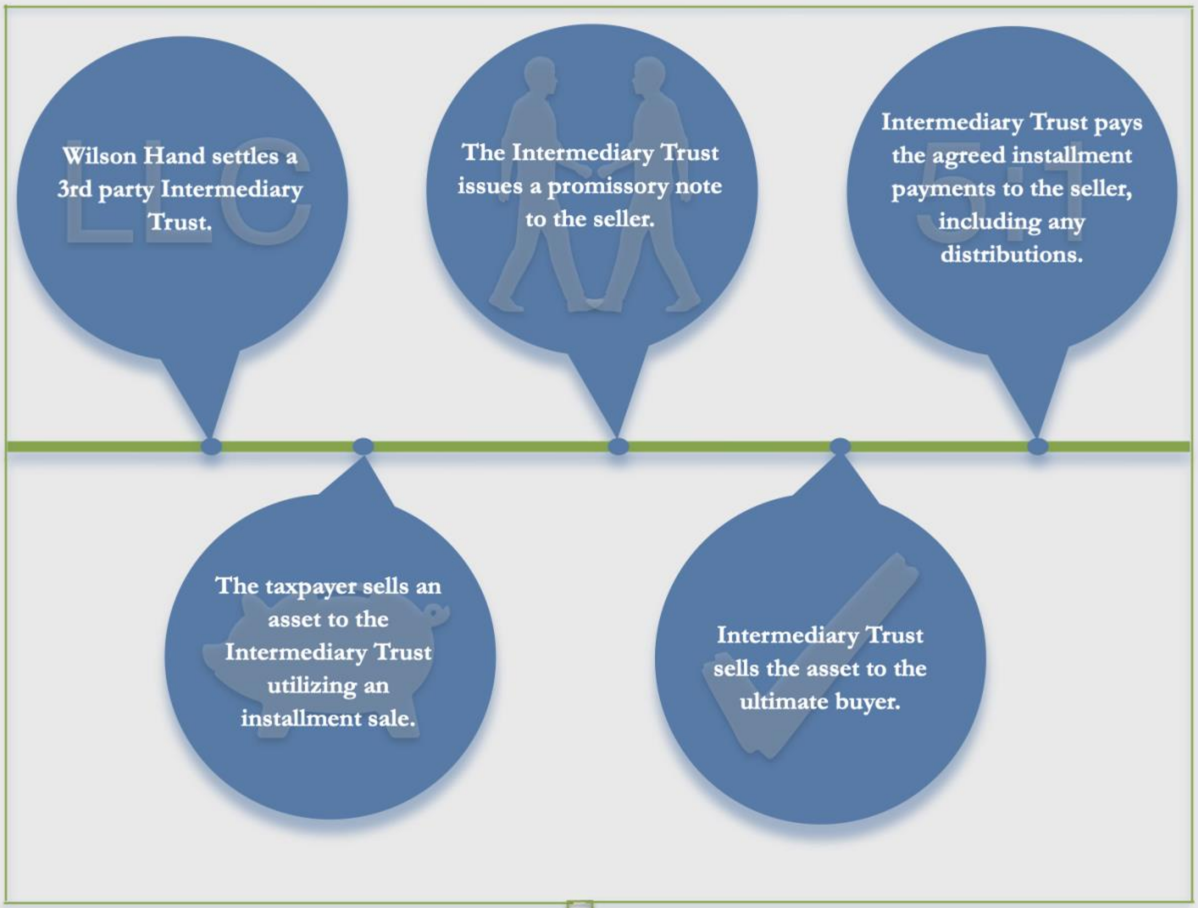
Conclusion

Selling an asset to an Intermediary Trust can effectively reduce a taxpayers capital gains tax obligation through a straight-forward and time-tested approach. We look forward to working with you.



CAPITAL GAINS TAX 28%
Capital gains taxes apply to "capital assets," which include stocks, bonds, digital assets like cryptocurrencies and NFTs, jewelry, coin collections, and real estate and businesses.
You sell your asset to the trust. The trust gives you a promissory note, which promises to pay you the sale proceeds in structured installments.
100%
You can avoid paying capital gains tax by investing your entire profit and receiving the distributions from the trust.
THE INTERMEDIARY TRUST WILL FACILITATE THE TAX EFFICIENT SALE OF A CAPITAL ASSET.
CHOOSE A STRUCTURED PAYMENT PLAN THAT WORKS BEST FOR YOU.
CAPITAL GAINS DEFERRAL BENEFITS
REDUCE OR DEFER CAPITAL GAINS TAX.
CONVERT YOUR ASSET INTO A STEADY INCOME STREAM.
JOHN A
• John A sells his business for $1,000,000 in 2023 and will have around a $2,800,000 capital gains tax obligation. (Estimated 28% fed/state tax rate)
• John A does not use the capital gains strategy.
• Now, John A will continue to have a capital gains tax obligation of $280,000.
JOHN B
• John B is ready to sell his business for $10,000,000 in 2023 and will have around a $2,800,000 capital gains tax obligation. (Estimated 28% fed/state tax rate)
• John B sells his business to an Intermediary Trust utilizing an installment sale.
• The trust will give John a promissory note.
• John B saved $2,800,000 in capital gains taxes in 2023 and has a steady income from the trust.
CAPITAL GAINS TAXES PAID
2.8M
CAPITAL GAINS TAXES PAID
0

Capital Gains Deferral



Results

The taxpayer is deferring their capital gains tax obligation, in some cases indefinitely.

Benefits

- REDUCE OR DEFER CAPITAL GAINS TAX.
- CONVERT YOUR ASSET INTO A STEADY INCOME STREAM.
- CHOOSE A STRUCTURED PAYMENT PLAN THAT WORKS BEST FOR YOU.
- THE INTERMEDIARY TRUST WILL FACILITATE THE TAX EFFICIENT SALE OF A CAPITAL ASSET

Traditional Sale

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Capital Gains Tax	$2,800,000
Remainder	$7,200,000

Capital Gains Strategy

Asset Worth	$10,000,000
Sell To Trust	$10,000,000
Promissory Note	$10,000,000
Capital Gains Tax	$0
Distributions*	$200,000 - $500,000 Yearly

*Distributions are calculated based on 2% to 5% in dividends.

Capital Gains Case Study

Richard Scenario

Story:

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Accumulation and Distribution

Tax Free ERISA Plan

Overview

The Tax Free ERISA Plan Distribution Strategy may be one of the most powerful ways to get the most out of your qualified plan. The tax-efficient strategy provides an effective and efficient way to enjoy tax relief on distributions from a qualified plan. It will generate wealth and net income several times larger than the typical approach to distributing assets from an ERISA plan. This attractive strategy is available to every professional or business owner with a seven-figure balance in their qualified ERISA plan.


Comparison at age 100

	ERISA Distribution	Traditional 401(k)	Factor
Net Income	$2,055,230	$615,269	3.34
Death Benefit	$727,817	$0	
Total Wealth	$2,783,047	$615,269	4.25

The ERISA Distribution Strategy uses a custom-designed cash value and tax-advantaged policy designed to apply the bulk of policy expenses during the initial five years funding period, rather than amortize them over 15 years. The net result to the client is reduce taxable distributions, with no taxes due on increasing asset values within the policy.

The ERISA Distribution Strategy is compliant with the tax code. It allows you to move money from qualified plans, over time, into individually owned life insurance policies on a tax-advantaged basis. After the policy is distributed to you, typically in year five or six, these policies have all the characteristics of individual policies purchased with routine after-tax money, including tax-free withdrawals.

This strategy allows for a legal way to get tax relief on distributions from qualified plans and provides a host of other benefits.

Advantages

The Tax Free ERISA Plan is a comprehensive benefits package that covers the following key needs: Permanent Life Insurance, supplemental retirement income, disability, long-term care, access to cash if needed early, and peace of mind.

1. Income-tax-free cash accumulation and distribution.
2. Litigation-proof, assets are protected.
3. Never lose any part of the principal and/or any gains.
4. Access any available cash value through policy loans and withdrawals and still participate in gains even for the loaned amount through participating loans.
5. Permanent life insurance - income-tax-free death benefit for beneficiaries.
6. Supplemental retirement income.
7. Disability income.
8. Long term care.

Deduction Layout

Rather than amortize the cash value over fifteen years, the Tax Free ERISA Plan Distribution Strategy is a tax advantaged policy created to have the policy expenses charged in the first 5 years. When the annual premiums are paid into the life insurance policy, expenses are deducted from those amounts. At the point that the policy is distributed, this will create a lower fair market value. The discount is typically 35 - 40%, meaning that taxes are only paid on 60 - 70% of the starting amount in the qualified plan.

Over time, moving money out of your qualified plan is far more tax efficient with the ERISA Distribution Strategy. With our IRS-compliant program, money can be transferred into individually owned life insurance policies on a tax-advantaged basis.

Time Frame

The policy is fully funded in five years and may be distributed from the qualified plan at any time after the five-year funding period.

Distributions

A tax payer has a 401(k) with a $2,000,000 balance, which would need $400,000 annual funding for five years. Income taxes trigged by this distribution can be offset by borrowing against the cash value of the policy. The life insurance policy can generate tax-free income in the amount of $590,000 per year for the life of the contract, starting at age 67. This policy also has protection for the family in the event of the insured's death in the tax-free amount of $11,100,000.

Steps

1. A tax payer with a seven-figure balance in their qualified ERISA plan is ready to retire.

2. The ERISA plan purchases an insurance policy and funds the policy by transferring 1/5 of the value of the ERISA plan for 5 years, leaving the ERISA plan at $0.
3. The ERISA plan distributes the asset (insurance policy) to the professional or business owner.
4. Income taxes trigged by this distribution can be offset by borrowing against the cash value.
5. The professional or business owner can access their funds by using a zero-interest net loan up to the amount of the balance in the insurance policy. The zero-interest net loan allows you to use the money tax free.

The Parties

The following parties are involved in the ERISA Distribution Strategy:

1. Client: A tax payer that is ready to remove funds from their 401k or IRA.
2. Wilson Hand: Wilson Hand is the law firm that facilitates the transaction. Wilson Hand drafts the necessary documents and provides information and assistance as need.
3. Insurance Company: Will issue the policy that is owned by the plan and will collect the annual premiums for five years.

Conclusion

The ERISA Distribution Strategy is by far a superior strategy, as it will generate more than 3x more net income and 4x more net wealth as compared to the traditional 401(k) approach. We look forward to working with you.

1/5 PER YEAR

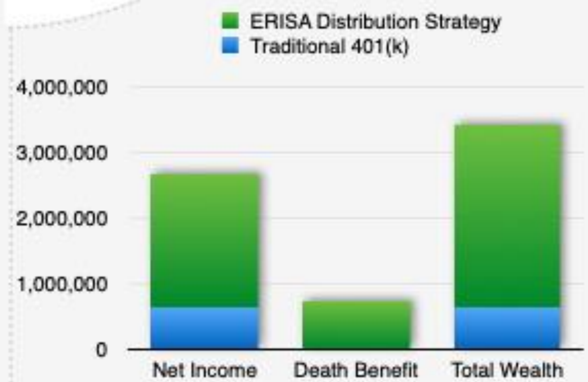
The Tax Free ERISA Plan Strategy may be one of the most powerful ways to get the most out of your qualified plan. The tax-efficient strategy provides a legal way to get tax relief on distributions from a qualified plan. It will generate wealth and net income several times larger than the mainstream approach in an apples-to-apples ROI comparison.

The Tax Free ERISA Plan is fully funded in five years and distributed from the plan anytime after the 5 year funding period.

Distributions from the policy can be used tax-free by borrowing from the cash value.

COMPARISON AT AGE 100

	ERISA Distribution	Traditional 401(k)	Factor
Net Income	$2,055,230	$615,269	3.34
Death Benefit	$727,817	$0	
Total Wealth	$2,783,047	$615,269	4.25



Tax Free ERISA Plan

A professional or business owner with a seven-figure balance in their qualified ERISA plan is ready to retire.

The ERISA plan purchases an insurance policy and funds the policy by transferring 1/5 of the value of the ERISA plan for 5 years, leaving the ERISA plan at $0.

The ERISA plan distributes the asset (insurance policy) to the professional or business owner.

Income taxes trigged by this distribution can be offset by borrowing against the cash value.

The professional or business owner can access their funds by using a zero-interest net loan up to the amount of the balance in the insurance policy.

Advantages

- Income-tax-free cash accumulation and distribution.
- Litigation-proof, assets are protected.
- Never lose any part of the principal and/or any gains.
- Access any available cash value through policy loans and withdrawals and still participate in gains even for the loaned amount through participating loans.
- Permanent life insurance - income-tax-free death benefit for beneficiaries.
- Supplemental retirement income.
- Disability income.
- Long term care.

Comparison at age 100

	ERISA Distribution	Traditional 401(k)	Factor
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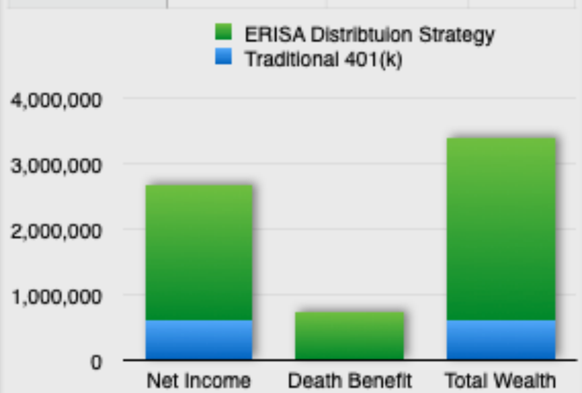


Tax Free ERISA Plan Case Study

Mark Scenario

Story:

Mark (65) is ready to retire. He has been investing in his retirement fund diligently since he was 25. In his fifties, he rolled all of his 401k's from various employers into an IRA. This IRA has a balance of $2,400,000. Working with his financial planner, he has set aside investments and liquid cash so that when he retires, he can live for at least seven years without needing the funds currently in the IRA. They have discussed the tax liability when funds are withdrawn from the IRA and have decided to implement a plan that will reduce the taxes owed during IRA distributions.

Solution:

Mark decides to participate in a Tax Free ERISA strategy. By participating in the process, he can avoid paying approximately $1,050,000 in taxes on distributions from his IRA over time. By working with a law firm, his financial planner introduced him to, as part of this program, they will create a business he will work for. This company will open a 401k for Mark. The current IRA that Mark has will roll into the new 401k. Mark's new 401k will purchase a specialized financial product. The 401k will transfer $480,000 to the product annually for five years. Once the 401k balance is at zero, the 401k will distribute the specialized financial product to Mark.

Result:

After the five-year funding period, when Mark receives the distribution of the financial product, he will owe a one-time tax on the balance in the financial product. The taxes he owes in year five will be discounted by approximately 40% compared to the taxes on distributions from a traditional IRA/401k. Mark will utilize two tax mitigation strategies to achieve this result.

The financial product that Mark now owns outright in his name maintains the tax characteristics of a ROTH IRA, including tax-free gains and distributions. The financial product mitigates risk in investments, offers the potential to earn on interest rate arbitrage, and guarantees no loss of the principal balance. The financial product also provides a death benefit independent of the cash balance.

Mark also learns that a special rider allows him to access the death benefit in an accelerated fashion in case of a chronic illness, creating an additional independent financial source of income. Along with the tax savings and the ability to generate tax-free income through harvesting the cash value and death benefit, the typical result is an income two or three times larger than a traditional IRA.

Section Three

Tax Planning

Equishare – Fractional Interest Business

Types of clients that will benefit from this strategy:

The Types of clients who will benefit from using the Equishare – Fractional Interest Business Strategy will be business owners who have a tax liability of at least $700,000. This strategy will help business owners by providing them with a depreciation write-off they can use in one year or over 5 years.

Client Example:

Trisha owns an IT company in New York. The business is projected to earn 1,000,000 this year.

When Strategic Partners are talking to their clients about the Bonus Depreciation, it is important to keep in mind that the Bonus Depreciation can be used in two ways:

Section 168(k) Deduction

- You can deduct any amount of bonus depreciation.
- If the deduction creates a net operating loss, you can carry that amount back to offset the previous year’s income and carry forward any unused loss to deduct against future income.
- Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.
- The full-face value of the note counts as its basis. It does not need to be discounted to the present value.
- The remaining basis of the property depreciates over the ensuing four years, as follows:
  - Year 1 80%
  - Year 2 5%
  - Year 3 5%
  - Year 4 5%
  - Year 5 5%

Section 179 Deduction

- You can deduct up to $1,160,000 in the 1st year.
- The full-face value of the note counts as its basis. It does not need to be discounted to the present value.
- You can combine the Section 179 Deduction and the 168(K) Deduction.

Using the Calculations:

Compare how the two options can affect the same income and tax rate.

Section 168(K)

- Taxable Income: $1,000,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Number of Units: 3
- Down payment: $36,000
- 1st Year Deduction: $144,000
- 2nd - 5th Year Deduction: $9,000
- Total Deductions: $180,000
- Net Value of Deductions: $144,000
- Deduction: $144,000
- Adjusted Taxable Income: $856,000
- Adjusted Tax Obligation: $316,720
- Client 1st year Savings: $17,280

Section 179

- Taxable Income: $1,000,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Number of Units 3
- Down payment: $36,000
- Total Deduction: $180,000
- Net Value of Deduction: $144,000
- Adjusted Taxable Income: $820,000
- Adjusted Tax Obligation: $303,400
- Client 1st year Savings: $30,600

Equishare – Fractional Interest Individual

Types of clients that will benefit from this strategy:

> The Types of clients who will benefit from using the Equishare – Fractional Interest individual Strategy will be individual wage earners who have a tax liability of at least $700,000. This strategy will help Individual wage earners by providing them with a depreciation write-off they can use over 5 years.

Client Example:

> Robert works as a surgeon in California. His salary is $800,000 this year.

When Strategic Partners are talking to their clients about the Equishare – Fractional Interest individual Strategy, it is important to keep in mind that the Equishare – Fractional Interest individual Strategy can be used only as a Section 168(K) deduction:

Section 168(k) Deduction

- You can deduct any amount of bonus depreciation.
- If the deduction creates a net operating loss, you can carry that amount back to offset the previous year's income and carry forward any unused loss to deduct against future income.
- Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.
- The full-face value of the note counts as its basis. It does not need to be discounted to the present value.
- The remaining basis of the property depreciates over the ensuing four years, as follows:
  - Year 1 80%
  - Year 2 5%
  - Year 3 5%
  - Year 4 5%
  - Year 5 5%

Using the Calculations:

Section 168(K)

- Taxable Income: $1,000,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Number of Units: 3
- Down payment: $36,000
- 1st Year Deduction: $144,000
- 2nd - 5th Year Deduction: $9,000
- Total Deductions: $180,000
- Net Value of Deductions: $144,000
- Deduction: $144,000
- Adjusted Taxable Income: $856,000
- Adjusted Tax Obligation: $316,720
- Client 1st year Savings: $17,280

Small Advantage – ADU Business

Types of clients that will benefit from this strategy:

The Types of clients who will benefit from using the Small Advantage – ADU Business Strategy will be business owners who have a tax liability of at least $700,000. The Small Advantage – ADU Business Strategy will help business owners by providing them with a depreciation write-off they can use in one year or over 5 years.

Client Example:

Trisha owns an IT company in New York. The business is projected to earn 1,000,000 this year.

When Strategic Partners are talking to their clients about the Small Advantage – ADU Business Strategy, it is important to keep in mind that the Small Advantage – ADU Business Strategy can be used in two ways:

Section 168(k) Deduction

- You can deduct any amount of bonus depreciation.
- If the deduction creates a net operating loss, you can carry that amount back to offset the previous year's income and carry forward any unused loss to deduct against future income.
- Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.
- The full-face value of the note counts as its basis. It does not need to be discounted to the present value.
- The remaining basis of the property depreciates over the ensuing four years, as follows:
  - Year 1 80%
  - Year 2 5%
  - Year 3 5%
  - Year 4 5%
  - Year 5 5%

Section 179 Deduction

- You can deduct up to $1,160,000 in the 1st year.
- The full-face value of the note counts as its basis. It does not need to be discounted to the present value.
- You can combine the Section 179 Deduction and the 168(K) Deduction.

Using the Calculations:

Compare how the two options can affect the same income and tax rate.

Section 168(K)

- Taxable Income: $1,000,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Number of Units: 3
- Down payment: $180,000
- 1st Year Deduction: $720,000
- 2nd - 5th Year Deduction: $45,000
- Total Deductions: $900,000
- Net Value of Deductions: $720,000
- Deduction: $720,000
- Adjusted Taxable Income: $280,000
- Adjusted Tax Obligation: $103,600
- Client 1st year Savings: $86,400

Section 179

- Taxable Income: $1,000,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Number of Units 3
- Down payment: $180,000
- Total Deduction: $900,000
- Net Value of Deduction: $720,000
- Adjusted Taxable Income: $100,000
- Adjusted Tax Obligation: $37,000
- Client 1st year Savings: $153,000

Small Advantage – ADU Individual

Types of clients that will benefit from this strategy:

> The Types of clients who will benefit from using the Small Advantage – ADU Individual Strategy will be business owners who have a tax liability of at least $700,000. The Small Advantage – ADU Individual Strategy will help business owners by providing them with a depreciation write-off they can use over 5 years.

Client Example:

> Josh real estate agent in New York. he is projected to earn 1,000,000 this year.

When Strategic Partners are talking to their clients about the Small Advantage – ADU Individual Strategy, it is important to keep in mind that the Small Advantage – ADU Individual Strategy can be used only as a Section 168(K) deduction:

Section 168(k) Deduction

- You can deduct any amount of bonus depreciation.
- If the deduction creates a net operating loss, you can carry that amount back to offset the previous year's income and carry forward any unused loss to deduct against future income.
- Code Section 168(k) allows an additional first-year depreciation deduction equal to the applicable percentage of the adjusted basis of qualifying property placed in service during the tax year.
- The full-face value of the note counts as its basis. It does not need to be discounted to the present value.
- The remaining basis of the property depreciates over the ensuing four years, as follows:
  - Year 1 80%
  - Year 2 5%
  - Year 3 5%
  - Year 4 5%
  - Year 5 5%

Using the Calculations:

Compare how the Section 168K can affect the client's income and tax rate.

Section 168(K)

- Taxable Income: $1,000,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Number of Units: 3
- Down payment: $180,000
- 1st Year Deduction: $720,000
- 2nd - 5th Year Deduction: $45,000
- Total Deductions: $900,000
- Net Value of Deductions: $720,000
- Deduction: $720,000
- Adjusted Taxable Income: $280,000
- Adjusted Tax Obligation: $103,600
- Client 1st year Savings: $86,400

Enhanced Donor Contribution

Types of clients that will benefit from this strategy:

The Types of clients who will benefit from using the Enhanced Donor Contribution Strategy will be individuals and business owners who have a tax liability of at least $700,000. This strategy will help individuals and business owners by providing them with a charitable donation write-off they can use to offset their taxable income. .

Client Example:

Jason owns a plastic surgeon in New York. He is projected to have a taxable income of $1,500,000 this year. Jason and his wife always give as much as they can to charities and are not only looking to reduce their tax obligation but also looking for way that they can donate more.

When a Strategic Partner is talking to their client about the Enhanced Donor Contribution Strategy it is important to remind the client's they do not get to pick the charity that the donation will go to. Wilson Hand has vetted qualified 501(c)(3) charities. These charities support causes supporting the homeless and under privileged communities.

Using the Calculations:

Deduction Break Down

Contribution: $200,000
Client Charity Contribution: $100,000
Legal Fees and Expenses: $100,000
Subsidy: $20,000
Loan: $900,000

Charitable Donation

- Taxable Income: $1,500,000
- Tax Rate: 37%
- Tax Obligation: $370,000
- Contribution: $200,000
- Loan: $900,000
- Deduction: $1,000,000
- Adjusted Taxable Income: $500,000
- Adjusted Tax Obligation: $185,000

Capital Gains

Types of clients that will benefit from this strategy:

The types of clients who will benefit from using the Capital Gains strategy will be individual and businesses that are selling an asset that has increased in value during the time owned.

Client Example

Charles owns an extensive art collection that he is going to be selling. The art collection has apprised for $800,000, which means it has doubled in value since he purchased the pieces.

Jerry is a business owner who is selling some of the properties that the business owns. He has had each property appraised and will be selling the properties for $1,000,000 more than what he purchased them for.

William is a business owner who ready to sell his business. He has built the business from the ground up and the amount of the appraisal is %500,0000.

When Strategic Partners are talking to their clients about the Capital Gains strategy, it is important to keep the following in mind:

- The asset is sold to an Intermediary Trust.
- Taxpayers can reduce or defer state and federal capital gains tax.
- The promissory note outlines the structured installments.
- The taxpayer only has to pay capital gains tax on the amount that is distributed from the trust.
- Distributions are an estimate based on a 5% - 7% return

Calculations for the Capital Gains Strategy:

- 20% of Asset Worth = Tax Obligation
- Asset Worth - Tax Obligation = Remainder after Sell of asset.
- 5% to 7% of Asset Worth = Distributions

Using the Calculations:

Without Capital Gains Strategy

- Asset Worth: $1,000,000
- Capital Gains Tax: 20%
- Tax Obligation: $200,000
- Remainder: $800,000

With Capital Gains Strategy

- Sale to Trust: $1,000,000
- Promissory Note: $1,000,000
- Tax Obligation: $0
- Distribution Rate: 5% - 7%
- Annual Distribution: $50,000 - $70,000

Tax Free ERISA Plan

Types of clients that will benefit from this strategy:

The Types of clients who will benefit from using the Tax Free ERISA Plan will be individuals who have a qualified ERISA plan with more than $1,000,000. The client will also need to have 5 years to fund the plan.

Client Example

Susanne is 57 she has $1,500,000 in a qualified ERISA plan and wants to retire at 63.

Jason is 65 he has $1,000,000 in a qualified ERISA plan and will be retiring this year. He has savings and investment that will last him at least 5 years without needing the use the fund in the qualified ERISA funds.

When Strategic Partners are talking to their clients about the Tax Free ERISA Plan, it is important to keep the following in mind:

- The Tax Free ERISA Plan Distribution Strategy is a tax advantaged policy created to have the policy expenses charged in the first 5 years.
- When the annual premiums are paid into the life insurance policy, expenses are deducted from those amounts.
- Lower fair market value, typically 35 – 40%.

Calculations for the Tax Free ERISA Plan:

- 20% of Qualified Plan Balance = Tax Obligation
- Qualified Plan Balance - Tax Obligation = Qualified Plan Distribution
- Qualified Plan Balance ÷ 5 = Annual Distribution to Life Insurance Policy
- 7% of Life Insurance Policy Balance = Annual Distributions

Using the Calculations:

Without Tax Free ERISA Plan

- Qualified Plan Balance = $1,000,000
- Tax Obligation = $200,000
- Qualified Plan Distribution = $800,000

With Tax Free ERISA Plan

- Qualified Plan Balance = $1,000,000
- Annual Distribution to Life Insurance Policy: $200,000
- Annual Distribution From Life Insurance Policy: $70,000
- Tax Saving: $200,000

Utilizing Multiple Strategies

Strategic Partners can use multiple tax mitigation strategies to help maximize the tax savings.

Examples of using multiple strategies:

Maggie and Ryan

Maggie owns an interior design business that for the last three years has earned an average of $700,000. Ryan is a plastic surgeon who has an annual salary of $800,000. This house hold would benefit from using both the Small Advantage – ADU Business and Individual strategies.

Jason

Jason is ready to retire and has a qualified ERISA plan with a balance of $2,000,000. He would benefit from using the Tax Free ERISA Plan and after the five year funding period using the Equishare – Fractional Interest Individual strategy to help offset the onetime tax liability.

Section Four

Working With Clients

Strategic Partner Responsibilities

- Reviewing the materials provided to be knowledgeable about the tax mitigation strategies available.
- Keeping up with changes to the tax mitigation strategies or the introduction/removal of tax mitigation strategies.
- Knowing the limitations of the strategy.
- Preparing the clients for participation in tax mitigation strategies.
- Warm handoff of clients to their Relationship Manager for Wilson Hand introduction.
- Communication with clients when needed on behalf of Wilson Hand.

Equishare – Fractional Interest Business Timeline

1. Client introduction email to Relationship Manager.
   Information that needs to be in the email that is sent to the Relationship Manager.
   - Name:
   - Email:
   - Physical Address:
   - Phone Number:
   - Contribution Amount:
2. Welcome email and agreements sent to client.
   a. Agreements Include:
      i. Retainer Agreement
      ii. Security Agreement
      iii. Purchase Agreement
3. Client makes the retainer payment and deposit wire.

   a. In the 4th quarter remainder of contribution wire sent.

Equishare – Fractional Interest Individual Timeline

1. Client introduction email to Relationship Manager.
   Information that needs to be in the email that is sent to the Relationship Manager.
   - Name:
   - Email:
   - Physical Address:
   - Phone Number:
   - Contribution Amount:
2. Welcome email and agreements sent to client.
   a. Agreements Include:
      i. Retainer Agreement
      ii. Security Agreement
      iii. Purchase Agreement
3. Client makes the retainer payment and deposit wire.
4. In the 4th quarter remainder of contribution wire sent.

Small Advantage – ADU Business Timeline

1. Client introduction email to Relationship Manager.
   Information that needs to be in the email that is sent to the Relationship Manager.
   - Name:
   - Email:
   - Physical Address:
   - Phone Number:
   - Contribution Amount:
2. Welcome email and agreements sent to client.
   a. Agreements Include:
      i. Retainer Agreement
      ii. Security Agreement
      iii. Purchase Agreement
3. Client makes the retainer payment and deposit wire.
4. In the 4th quarter remainder of contribution wire sent.

Partnership Special Allocation Timeline

5. Client introduction email to Relationship Manager.
   Information that needs to be in the email that is sent to the Relationship Manager.
   - Name:

- Email:
- Physical Address:
- Phone Number:
- Contribution Amount:

6. Welcome email and agreements sent to client.
    a. Agreements Include:
        i. Retainer Agreement
7. Client makes the retainer payment and deposit wire.
8. In the 4th quarter remainder of the contribution wire sent.

Capital Gains Timeline

1. Client introduction email to Relationship Manager.
   Information that needs to be in the email that is sent to the Relationship Manager.
    - Name:
    - Email:
    - Physical Address:
    - Phone Number:
    - Contribution Amount:
2. Welcome email and agreements sent to client.
    a. Agreements Include:
        i. Retainer Agreement
        ii. Trust Agreement
        iii. Promissory Note
3. Client makes the retainer payment.

Tax Free ERISA Plan Timeline

1. Client introduction email to Relationship Manager.
   Information that needs to be in the email that is sent to the Relationship Manager
    - Name:
    - Email:
    - Physical Address:
    - Phone Number:
    - Qualified Plan Balance:
2. Welcome email and agreements sent to client.
    a. Agreements Include:
        i. Retainer Agreement
3. Client makes the retainer payment.

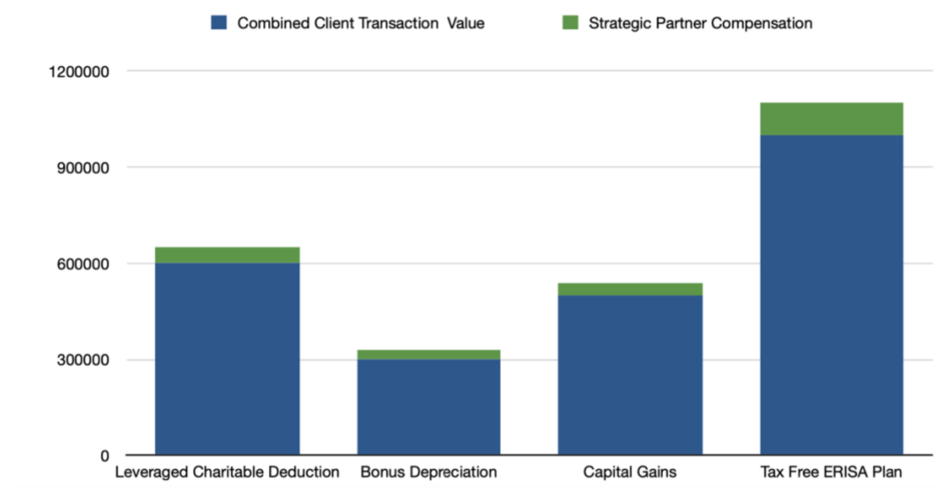
Section Five

Fees and Compensation

Strategic Partner

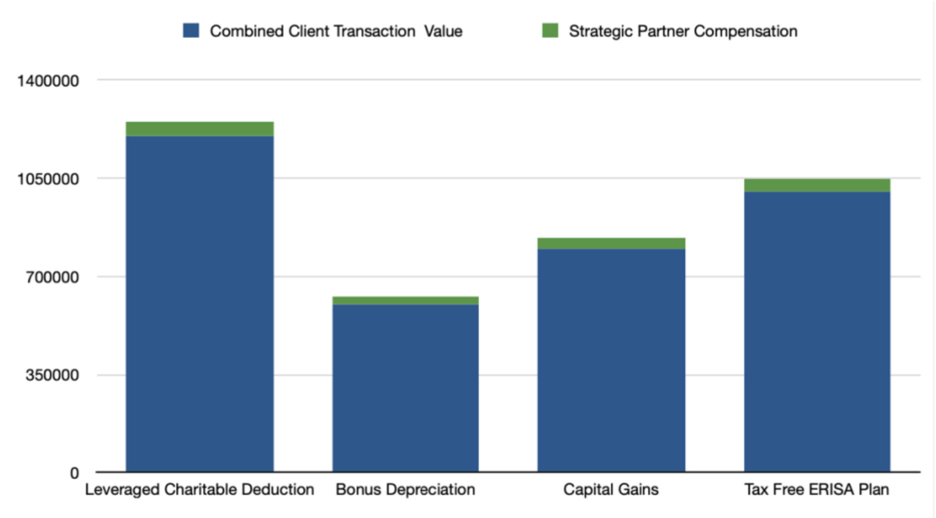
Direct Referral

If a Strategic Partner directly refers a client that utilizes a tax mitigation strategy, the Strategic Partner will receive 10% of the transaction's value.



Indirect Referral

If a Strategic Partner introduces Wilson Hand to another Strategic Partner, who then, in turn, refers a client that utilizes a tax mitigation strategy, the Strategic Partner will receive 5% of the transaction's value.



Client

Retainer

Frequently the case is a $2,000 is charged to offset the cost of creating all documents needed for the tax mitigation strategy the client wants to participate in. If a client participates in more than one of the tax mitigation strategies, they may have a $2,000 retainer payment for each tax mitigation strategy.

Deposits

As an example, when a client participates in a tax mitigation strategy a deposit will be determined by the amount of the contribution. The remaining contribution will be wired by December 15, 2023.

Quarter 1: 5%
Quarter 2: 10%
Quarter 3: 15%
Quarter 4: 20%

Credit

As an example, when a client participates in a tax mitigation strategy a credit will be determined by the quarter that a client starts their participation in the strategy. The credit will be deducted from the remaining contribution that will be wired by December 15, 2023.

Quarter 1: $3,000
Quarter 2: $2.000
Quarter 3: $1,000
Quarter 4: $0

Section Six

Resources

Tools

Wilson Hand will help you not only be able to talk knowingly about the products you can offer to your clients but you will be assigned a tax mitigation expert whom you can contact to learn more. This expert will also help you understand the products offered and how to present them to your clients. You will have access to the Strategic Partner website with all the materials and information needed to start talking to your clients about tax mitigation strategies.

Along with this information, you will also have access to the Strategic Partner portal, which will have all the materials you can use to distribute to your clients. The Strategic Partner Portal will also have a Tax Planning Workbook to help you calculate your client's tax reduction with the products we offer. This will aid you in explaining how much your clients can save and what is the best strategy for them. The Strategic Partner portal will be where you find information about where your clients are in the process. This will help you know when a client is having issues. You will also have access to the monthly marketing from the Strategic Partner portal. These marketing materials can be used as emails or placed on your site as a blog.

If you want to expand your practice, we offer Google ad campaigns to help your practice gain additional clients. These ads target people looking for tax mitigation strategies and will route to you to expand your client base.

- Assigned Tax Mitigation Expert
- Strategic Partner Portal
    - Tax Planning Workbook
    - Client Update Sheet
    - Product Materials
    - Marketing Materials
- Google Ads

Materials

You will receive materials for each program. These materials can be distributed to your clients or others you believe will make an excellent Strategic Partner. These materials can be customized with your logo at your request. You can use these materials as you see fit to get information to your clients. These materials will help explain the programs and can create a conversation starter for clients who would benefit from one of our program

Equishare – Fractional Interest Business

- 3 - Single Page Flyers
- 1 - White page
- 1 - Brochure

Equishare – Fractional Interest Individual

- 3 - Single Page Flyers
- 1 - White page
- 1 - Brochure

Small Advantage – ADU Business

- 3 - Single Page Flyers
- 1 - White page
- 1 – Brochure

Partnership Special Allocation

- 3 - Single Page Flyers
- 1 - White page

Capital Gains

- 2 - Single Page Flyers
- 1 - White Page
- 1 - Brochure

Tax Free ERISA Plan

- 2 - Single Page Flyers
- 1 - White Page
- 1 - Brochure

Strategic Partner

- 1 - White Page

Practice Development

If you want to expand your practice, we offer Google ad campaigns to help your practice gain additional clients. These ads target people looking for tax mitigation strategies and will route to the Strategic Partner to expand their client base. These Google Ads have been tested and shown to create results. When a Strategic partner chose to participate in the practice development program, we recommend that they allow for an ad budget of at least $5,000 a month. This is the minimum requirement to see results with the ads.

Section Seven

Frequently Asked Questions

What is a Strategic Partner?

A Strategic Partner is a “broker” between Wilson Hand and a client who is seeking a tax deduction on their taxable income.

How does Wilson Hand support Strategic Partners?

Wilson Hand will provide the Strategic Partner with the necessary documents and resources to supply to potential clients regarding the strategies.

What is a direct referral?

If a Strategic Partner directly refers a client that utilizes a strategy, the Strategic Partner will receive 10% of the transaction’s value.

What is an indirect referral?

If a Strategic Partner introduces Wilson Hand to another Strategic Partner, who then in turn refers a client that utilizes a strategy, the Strategic Partner will receive 5% of the transaction’s value.

What is the transaction value?

A transaction value is calculated by the amount of the contribution a client will make to the tax mitigation strategy.

What does a Strategic Partner do with a new client?

There are two things that a Strategic Partner can do to introduce a new client to Wilson Hand.

1. Create a meeting with your Relationship Manager, Technical Manager, and the client to go over the products and which one would be best for them.
2. Work with the client to discover what would work best for their situation, once you have decided the best path,

See Section Three and Four for more information.

Once a client is ready to proceed what happens?

Email the Relationship Manager with the information needed for the strategy that will be used.

See Section Four for more information.

Does Wilson Hand offer materials or training?

Yes, Wilson Hand has all the materials you will need to learn about the products and introduce the strategies to clients. You will also have access to a tax mitigation expert to help decide what is best for clients.

See Section Six for more information.

How much do strategic Partners get paid?

Strategic Partners will make between 5% - 10% on the transactions value.

See Section Five for more information.

Section Eight
Appendices

Files

Strategic Partner Agreement

A contract between Wilson Hand and the Strategic Partner. This contract outlines the referral fees, and responsibilities.

This document can be found in the Strategic Partner portal by following the file path below.
File Path: General/ Files/ Strategic Partner Documents

Legal Opinion

A professional tax opinion and analysis regarding appropriate accounting treatment and tax effect in regard to a special allocation to Freehold Partners, a series LLC, from Freehold Capital Partners, a Texas limited partnership ("Donor") related to a charitable donation to Casa Tierra SA-1, Ltd., a non-profit 501 (c)(3) affordable housing corporation ("donee") based on the attached relevant agreements between Freehold Partners and Donor.

This document can be found in the Strategic Partner portal by following the file path below.
File Path: General/ Files/ Strategic Partner Documents

Freehold Portfolio Valuation Report

This report was undertaken to determine the Fair Value of an ownership interest in a Portfolio of Financial Instruments for Freehold Capital Partners, LLC.

This document can be found in the Strategic Partner portal by following the file path below.
File Path: General/ Files/ Strategic Partner Documents

Appraisal

This report was undertaken to determine the Fair Value of an ownership interest in a Portfolio of Financial Instruments for Freehold Capital Partners, LLC. The subject of this appraisal is a parcel of land currently improved with some depreciated residential and agricultural structures and 5.7acres of land. The subject is located at 3170 East Little Cottonwood Road, Salt Lake County, Utah.

This document can be found in the Strategic Partner portal by following the file path below.
File Path: General/ Files/ Strategic Partner Documents

This is a Listed Transaction

This is not a listed transaction, as it is not substantially similar to syndicated conservation easements. A review of the Notice related to conservation easements.

This document can be found in the Strategic Partner portal by following the file path below.
File Path: General/ Files/ Strategic Partner Documents

Tax Opinion

A professional tax opinion and analysis regarding the appropriate account treatment and tax effect in regards to the donation by Freehold Licensing, Ltd., a Texas limited partnership ("donor") to Casa Tierra SA-1, Ltd., a non-profit 501(c)(3) affordable housing corporation(“donee").

This document can be found in the Strategic Partner portal by following the file path below. File Path: General/ Files/ Strategic Partner Documents

Section Nine
Conclusion

Final Thoughts

Thank you for your time, this covers all the basics of the Strategic Partner program. As you have learned, Wilson Hand has exclusive tax mitigation products to help individuals and business owners reduce their taxable income. Since we do not advertise our products directly to the consumer, we like to partner with professionals and small firms that can add our products to their portfolio of products.

As we have discussed in this document individuals and business owners that generate a taxable income of $700,000 or more often have a large tax obligation. Most of these individuals and business owners are looking for ways to reduce their taxable income.

Partnering with professionals and small firms with a client base of business owners and individuals with a high six figure taxable income that will benefit from our tax products. Strategic Partners are compensated for their referrals. Introducing our products to clients results in generous referral fees, typically 8% – 10% of the transaction's value. Becoming a Strategic Partner creates a revenue stream for your business. Some Strategic Partners earn up to $200,000 – $300,000 annually.

The overall goal of the Strategic Partner program, is to aid clients in reducing their tax obligation while also creating a revenue stream.