



WHY WOULD A SCIN BE OF INTEREST TO ME?

This technique is beneficial if you believe that you will not survive your actuarially determined life expectancy. Using the SCIN transaction any portion of the sales price for your interest(s) that is not paid before your death, together with any post-sale appreciation, will be excluded from your estate (and avoid estate tax) at your death. Although your estate may be subject to income tax at your death (based upon the unpaid sales price) the applicable federal rate will be the capital gains tax rate (currently 20%), rather than the federal estate tax rate (currently 40%); furthermore, your estate will be in the position to argue that this capital gains tax should be deductible for estate tax purposes.

If you believe you will survive to or beyond your actuarial life expectancy a SCIN may not be the ideal solution, as you may end up with more value in your estate (to be subjected to estate tax) than if you did not engage in the transaction at all. In that case, a traditional installment sale would be preferable.