

Traditional Installment Sale
(October 2009)

Principal	\$2,000,000
Interest Rate	4.10%
Term in Years	10
Annual Payment	\$247,811

Annual Payments

Payment #	Payment	Interest	Principal	Balance Due
#				
1	\$247,811	\$82,000	\$165,811	\$1,834,189
2	\$247,811	\$75,202	\$172,609	\$1,661,580
3	\$247,811	\$68,125	\$179,686	\$1,481,894
4	\$247,811	\$60,758	\$187,053	\$1,294,840
5	\$247,811	\$53,088	\$194,722	\$1,100,118
6	\$247,811	\$45,105	\$202,706	\$897,412
7	\$247,811	\$36,794	\$211,017	\$686,395
8	\$247,811	\$28,142	\$219,669	\$466,726
9	\$247,811	\$19,136	\$228,675	\$238,051
10	\$247,811	\$9,760	\$238,051	\$0
Totals	\$2,478,109.38	\$478,109.38	\$2,000,000.00	

Assume Seller's basis is \$100,000.00

If Death occurs in year 6:

The decedent will already have reported:

Interest income of \$339,173

Capital Gain of \$952,269

Capital Gain to be reported \$1,047,731

Seller's Gross Estate to include:

Balance due on the Promissory Note
\$1,100,118

Self Cancelling Installment Sale

Oct-09

Principal	\$2,000,000
Interest Rate	6.133%
Term in Years	10
Annual Payment	\$273,451

Annual Payments

Payment # #	Payment	Interest	Principal	Balance Due
1	\$273,451	\$122,660	\$150,791	\$1,849,209
2	\$273,451	\$113,412	\$160,039	\$1,689,170
3	\$273,451	\$103,597	\$169,854	\$1,519,317
4	\$273,451	\$93,180	\$180,271	\$1,339,045
5	\$273,451	\$82,124	\$191,327	\$1,147,718
6	\$273,451	\$70,390	\$203,061	\$944,657
7	\$273,451	\$57,936	\$215,515	\$729,142
8	\$273,451	\$44,718	\$228,732	\$500,410
9	\$273,451	\$30,690	\$242,761	\$257,649
10	\$273,451	\$15,802	\$257,649	\$0
Totals	\$2,734,508	\$734,508	\$2,000,000	

Assume Seller's basis is \$100,000

If Death occurs in year 6:

The decedent will already have reported:

Interest income of \$514,972

Capital Gain of \$906,935

Capital Gain to be reported \$1,093,065

Seller's Gross Estate to include: \$0

Private Annuity

Transfer Date:	10/2009
\$7520 Rate:	3.20%
FMV of Property:	\$2,100,000.00
Client's Basis:	\$100,000.00
Payment Period:	Annual
Payment Timing:	End
Number of Annuitants:	1
Age(s):	70
Deferral Period (in Years):	0
Growth of Payments:	0.00%
Comply with Proposed Regulations (REG-141901-05)?:	Yes
Annuity Factor:	10.7251
Payout Frequency Factor:	1.0000
Initial Annual Payout:	\$195,802.37
Single Life Expectancy (Age 70):	16.0 Years
Reg. 1.72-5(a)(2) Life Exp. Adj. Factor:	-0.5
Adjusted Single Life Expectancy:	15.5
Capital Gain Realized at Time of Sale:	\$2,000,000.00
Initial Annuity Payment Breakdown	
Tax-Free Portion:	\$135,483.87
Capital Gain Portion:	\$0.00
Ordinary Income Portion:	\$60,318.50

