

**IRREVOCABLE NONGRANTOR TRUST, SALE OF HIGHLY APPRECIATED  
REAL PROPERTY FOR A PRIVATE ANNUITY RULES AND RECOMMENDATION**

Sale of the taxpayer's highly appreciated real property, to an Irrevocable Nongrantor Trust, in exchange for a Single Premium Deferred Private Annuity Contract, for purposes of Income Tax Deferral, Estate Tax Avoidance, Asset Protection, and Estate Planning.

**1. INTRODUCTION**

**1.1 Purpose.** This Tax, Estate, and Asset Protection Strategy (the "Strategy") is an important part of a sophisticated and advanced Estate Plan for affluent high net worth taxpayers. The purpose of this Memorandum is to briefly describe the various legal entities, legal instruments, and rules of law, all acting collectively together to make an effective Strategy which will achieve the taxpayer's objectives in his Estate Plan. Specifically, this consists of the following:

- (i) Pure Irrevocable Nongrantor Trust;
- (ii) Single Premium Deferred Private Annuity Contract (the "Private Annuity");  
and
- (iii) The substantial Tax, Estate, and Asset Protection Benefits available to a Taxpayer when selling the Taxpayer's highly appreciated real and/or personal property (the "Property"), in exchange for the above Deferred Private Annuity, for equivalent value (the "Private Annuity Contract").

The type of Irrevocable Nongrantor Trust aforementioned is technically referred to as a Discretionary ("Sprinkle") Trust (hereinafter the "Nongrantor Trust"). The substantial benefits of the Nongrantor Trust for the Taxpayer are as follows:

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