



ELIMINATE TAXES?



PLANNING YOU CAN TRUST



Defer or Reduce Your Tax Liability Today





AN OVERVIEW OF THE CONTRACT LAW TRUST

Our Contract Law Trust is a specially created legal entity that allows the asset owner to remain in control of assets placed in the Trust.

BENEFITS

The key benefits to the Beneficial Contract Law Trust are the elimination or deferral of passive income and capital gains taxes.

- Asset protection of Trust assets from creditors;
- Anonymity for Trust beneficiaries; and
- Control of the assets for asset transfer, including determining who can benefit from its income generation.

WHY IT WORKS

Our Beneficial Contract Law Trust is copyrighted under U.S. copyright law. More than 80,000 of these trusts have been created in the past 50 years. Moreover, the Trust has been held valid in court, and legal opinions from tax attorneys and tax specialists attest to the soundness of the Trust.

HOW IT WORKS

There are specific proprietary steps that must be taken to properly create a Beneficial





Contract Law Trust. This work is undertaken by our law firm. The Trust is a separate entity that is not subject to tax liability for the benefits it receives from the assets. Internal Revenue Code § 643(b) says this is not income. The trustee managing the Trust assets for the beneficiaries must adhere to the instructions in the Trust document. Our law firm creates the Trust document, which is tailored to each trust owner's specific circumstances. After funding the Trust, that entity receives the benefit from the assets. The trustee can distribute those benefits pursuant to the trust document and reduce or eliminate tax liabilities for the beneficiaries.

FOREIGN NATIONALS

Foreign nationals can also receive the same benefits by using the Trust, and the assets placed in a Trust can be located outside the U.S. There are some additional procedural steps for foreign nationals, which entail the completion of a few simple forms.

Many foreign nationals find the Beneficial Contract Law Trust appealing because they are being harassed by their own government or live in a country with confiscatory tax policies.



WHAT IS A TRUST?

Trusts are legal entities that can be used to transfer and manage property or assets. It is an ingenious entity empowering Trustees of the Trust to have and hold all control over that property or assets. The terms and conditions of the Trust strictly define the form of the trust used and the needs of the people it is created to serve.

TRUST ESTABLISHMENT

To establish a trust, consideration of some type is transferred from a Settlor to another person (known as the trustee) with the understanding that the recipient will hold the property and assets or use them in a way that is directed or established as laid out in the terms and conditions of the trust. Anyone who benefits from the use of the property or assets is known as the beneficiary.

TRUST ESTATE

The property or assets that are transferred to a trust becomes the trust corpus. The Trustee of a trust is the only entity that can affect the transfer of assets, property or monies to a trust. A trust estate consists of all of the property (tangible or intangible), assets, cash, rights and obligations that are transferred to the trust. The trust estate is managed in accordance with the terms and conditions of the documents creating the trust. Because the property is held in trust it is generally not subject to turnover*.

PARTIES TO A TRUST

The SETTLOR sometimes called the Creator, Grantor, Settlor or Trustor, is any person who creates a trust for the benefit of beneficiaries. To establish the trust, and realize the protection afforded, the trust should be established through an initial funding by a settlor, someone who cannot be the trustee or the beneficiary. After the trust is established, the trustee may convey additionally assets, tangible and intangible, to the trust for the benefit of the beneficiaries.

The TRUSTEE is a person, financial institution (such as a bank or trust company) or managing entity that holds the legal title in trust for the trust estate. There may be one or more trustees. If a trustee is unable or unwilling to serve then a successor trustee steps in to hold and manage the trust estate. The trustee is obligated to act in accordance with the terms and conditions of the trust for the benefit of the trust beneficiaries.

The BENEFICIARIES are the persons or entities which benefits from the trust estate. The rights of beneficiaries depend on the terms and conditions of the trust. Beneficiaries have no “equitable title” only a “beneficial interest” in the property or assets held in the trust. Beneficiaries have no right of management of the trust nor have any right to have access to business records or knowledge of trust business or actions

** There are limited exceptions to being protected from creditors. It varies from state to state. For example, a statute in Texas allows a court to garnish child support payments from a spendthrift trust.*



MAIN ADVANTAGES

- Every aspect of it is lawful. It is guaranteed by the U.S. Constitution, supreme Court and other court decisions.
- It is easy to establish, can be maintained by you and involves minimal paperwork. It greatly reduces or eliminates fees.
- It is lawful in every state. A Spendthrift Trust properly established in one state can operate in any other state.
- It is made irrevocable to avoid any questions as to ownership of the assets.
- It prevents any information about your assets, liabilities and heirs from becoming public.
- It can operate any lawful business anywhere in the world. It has limited liability and most of the advantages of a corporation with none of the disadvantages.



- It has no periodic reports or accounting to make to any state or government.
- It has the same constitutional rights as any individual, that is, the right to privacy, freedom from unwarranted search and seizure, to refrain from self-incrimination and all other rights.
- When the Spendthrift Trust is used in a legal manner and under the provisions of the Spendthrift, it is totally impenetrable by creditors, agencies, governments and is immune from transfer by operation of law.
- Your personal bankruptcy has no effect on the Spendthrift Trust assets.



INTERESTING FACTS

A contract in the form of a Spendthrift Trust Organization, does not owe its existence to any act of the legislature. The authority for its creation is the common law right of the parties to enter into a contract which the Constitution recognizes. According to American law, the government cannot regulate or impose a tax upon a right. Our “right to contract” according to the Constitution of the United States, Article. §10 is unimpaired.

That means that it is not within the power of the government or even a judge to change one word of a Contract of Trust. Once the property is transferred into a Spendthrift Trust Organization, it is subject to its own indenture, which governs and, protects the property held by it. The government can ONLY regulate and tax entities it creates.

A Spendthrift Trust Organization has the income tax requirement to pay only the tax on the income money that the corpus or endowments of the trust earns unless deemed to be paid to the corpus according to the terms and conditions of the trust. If set up properly, all capitalizations or endowments of the trust are nontaxable. Like corporations, Revocable Living Trusts are statutory and are subject to legislative control and taxation. A Revocable Living Trust is required to file a 1041 Form each year. While the income in a corporation is taxable and the endowments to a Revocable Living Trust are taxable, capitalizations or endowments to a Spendthrift Trust are not.

Unlike a corporation, a Spendthrift Trust Organization is not an “artificial entity” nor does it owe its existence to the charter power of the State. It is also not an alter ego or a nominee for any trustee or beneficiary, because no one individual holds both legal and equitable title and beneficial interest.



Another major advantage to operating a Spendthrift Trust Organization as a business is that, because it is not a creature of the legislature, it is not subject to the myriad of strangling legislative controls, rules and regulations that are applicable to corporations and other legislative entities





Someone suggested that I get a bank managed Trust. What do you suggest?

If you give any bank control of a Trust, they take full control and you are left out! Bankers love to get their hands on large trust accounts so they can convert them for the use of the bank and the beneficiaries get nothing. They like to scare people into thinking there is liability in Trust management so they may gain control of their asset and funds. We have seen this many times in NY and people with means became poor and unable to access anything. All transactions in Spendthrift Trusts are private and not public information unless you wish to make it so. I would never put anyone in a position as they suggest. You determine if you want others to manage you and your family.

If I take \$10 million of Trust assets and build a business developing, manufacturing and selling "a better mousetrap," is the income from that business taxable for the Trust?

A business trust is required to be a pass through and must disburse its earnings. If it endows a second trust, then the profits may be passed through without tax events.

If I take \$5 million of Trust assets and invest in apartment houses, is the rental income considered taxable income?

No

If I invest \$1 million of Trust assets in Euros and turn a profit of 10% is that taxable income for the Trust?

No



Has our Spendthrift Trust ever been challenged by the government and was it successful?

Trust Law is not subject to any Federal, State or Local court and no judge or court may issue a turnover order against a Spendthrift Trust. The Spendthrift Trust is sold by a licensed attorney as a legal document and the Spendthrift Trust is created for the client by the Attorney unlike others who sell illegal documents or trusts who are not licensed lawyers. The IRS examined our Spendthrift Trust for compliance and a past District Director purchased one for himself. We have prosecuted vigorously those who have infringed on our Copyrighted Trust and prevailed in Federal court each time even when the defendants claimed invalid, it was found valid. The Federal cases are sealed.

Are there any potential issues with a Trustee or Compliance Overseer residing in a Trust owned property full time?

No

Is it best for the trustee or the Compliance Overseer to be paid a salary and the best frequency?

Salaries are optional and can be paid

Is the Trustee and Compliance Overseer considered an employee or Contracted by the trust?

No

Do I have to place everything into the trust that I presently own all at once, or can I capitalize items at the time of my choosing?

Your choosing

Does a “Beneficiary” pay rent while living in a Trust property?

No



TRUSTS vs. 1031 EXCHANGES

The complex nature of a 1031 Exchange is cumbersome at best and is filled with complicated rules and strict provisions that cannot be broken. Listed at the end of this article are the IRS Regulations that govern 1031 Exchanges so you may compare them to the ease of which transactions are carried out in a Trust.

Our Trusts are not subject to “Capital Gains” tax and income declared to be Extraordinary Dividends are “not income” to the Trust. This means property and Real Estate may be bought and sold without the huge tax burden realized in most sales. Also, rental or lease income is not income to the Trust.

To accomplish this, and to conform to the current laws and regulations and to be totally effective in elimination of liability, defer taxation and not be subject to capital gains, our Trusts were researched and copyrighted to be:

Non-Grantor, Irrevocable, Complex, Discretionary Simple, Trusts with a Spendthrift provision, to provide the utmost legal protection and tax advantages for all of our clients.



1. Our Trusts were written to comply with Scott on Trust Law, the Restatement of Trusts and the Internal Revenue Code. This was done so the Trust corpus would be protected from turn over orders by any court or judge, with the exception of fraudulent conveyance.
2. The non-grantor designation exempts the Trust from any alter ego status that brings into action the management or beneficial enjoyment by the Settlor. If the creator of a trust has management of the corpus, or is a beneficiary of the trust, it becomes a so called living trust which has limited benefits and no tax advantages or asset protection.
3. In order to have asset protection the Trust must be Irrevocable and non-grantor. This Trust separates the Settlor or Creator from the corpus of the Trust. When assets are irrevocably transferred to Trust, they may never revert to the one who is making the endowment or the Settlor of the Trust. Under these terms and conditions, upon creation, legal separation has occurred and the corpus may not be breached by claimants of the Settlor or endower.



4. In order to serve the Beneficiaries of the Trust and protect the corpus, the Trust must be Complex in nature with terms and conditions that plainly and fully state the powers and limitations of the Trustees. Complex Trusts are governed by terms and conditions that may not be altered or changed by the Trustees and the purpose of the Trust is established once and for all time. The Trustees may also make income declarations, stated further herein.
5. To comply with the law of perpetuity, the Trust must also have a Simple provision. This provision states the Trust must end after a period not to exceed 21 years but at the sole and absolute discretion of the Trustee may be renewed for an additional 21 years. It further is defined in the Trust Law the following, “A Trust shall continue until the date of the Trust agreement made at the time of creation until it reaches 21 years. At such time the Trust shall terminate, and Trustee shall distribute the Trust principal and any accumulated income as the Trustee(s), in his or her absolute and sole discretion, shall determine to be in the best interests of the beneficiaries. The Trustee(s) may, at any time the Trustee(s) elects and can legally do so, and in the Trustee’s absolute discretion, extend the term of this Trust for any period of time. Notwithstanding anything in this agreement to the contrary, the Trust herein created shall not continue beyond 21 years after the death of the last of the currently living descendants of those beneficiaries living at the time of the creation of the Trust. On the expiration of such period, the Trust created shall terminate, and the Trust property shall be distributed, in the Trustee’s sole discretion, to those persons privileged to receive the income at the time of termination.” This is perhaps the hardest provision for attorneys to comprehend.
6. The Spendthrift Provision of the Trust is the critical element of the document, in that, no Spendthrift Trust Corpus may be penetrated to reach the assets of that Corpus. Case law upholds this and has upheld this over the many long years of its existence and will continue to uphold it. No judge or court may issue a turnover orders against a properly constructed Spendthrift Trust. The sole exception to this rule of law is fraudulent conveyance to avoid judgment; and this only applies to a Trust created after litigation has been filed not before.
7. The Discretionary terms and conditions of the Trust are established to insure the absolute and sole discretion power of the Trustee in determining the distribution of the Corpus assets to the Beneficiaries of the Trust. If any single percent of the Corpus is designated to be held or distributed to any one or more Beneficiaries the Discretionary designation of the Trust would be invalid. This in no way would affect the asset protection but could adversely affect the taxable structure of the Trust. The Internal Revenue Code is explicit and clear with regard to the Discretionary nature of a Trust plainly stating that if a fiduciary has the sole and absolute authority to designate something as Extraordinary



Dividends or Taxable Stock Dividends, and that is paid to the Corpus of the Trust, and not subject to distribution, this is not income to the Trust according to Rule 643.



Thus, all our Trusts were created and written to be Non-Grantor, Irrevocable, Complex, Simple, Discretionary, Spendthrift Trusts and Copyrighted for our use. Paul Rosen, Attorney at Law, is the sole owner of the Company that sells the Copyrights, so that it is legal to offer the documents under his law license.

With regard to income and capital gains, the IRC is extremely clear on these subjects. Most people fail to fully understand this part of the code due to the very nature of the way the Trust must be written to comply. In order to understand the nature of this, simply think of the corpus of the Trust as an escrow account. When anything is placed in Trust it has no equitable title but is held in Trust for the benefit of beneficiaries. Until equitable value passes from the Trust to a Beneficiary, there is no taxable event at all when the Trust is written as described herein.

When an asset is placed in a Trust it is a “thing” and has no basis value because it is not valued in the Trust therefore when the code says **“Capital gains and losses (3) Gains from the sale or exchange of capital assets shall be excluded to the extent that such gains are allocated to corpus and are not (A) paid, credited, or required to be distributed to any beneficiary during the taxable year, or (B) paid, permanently set aside, or to be used for the purposes specified in section 642(c). Losses from the sale or exchange of capital assets shall be excluded, except to the extent such losses are taken into account in determining the amount of gains from the sale or exchange of capital assets which are paid, credited, or required to be distributed to any beneficiary during the taxable year.”** Our Trusts are structured whereby no percent of the corpus of the Trust is, or can be assigned to any one beneficiary. Therefore property sales in Trust are not subject to the Capital Gains Tax. Since there is no gain or loss, and the property is held within the Trust Corpus, the 1041 merely states there is no taxable income.



With the ease of establishment, use, elimination of liability, and deferred taxes with no capital gains, the Trust has been used for decades to eliminate the need for 1031 Exchanges.

The following is an outline of 1031 Exchanges, and the complex nature of the 1031 exchange to compare with the Trust:

1031 Exchange Section 1031 of the Internal Revenue Code provides an exception that allows you to defer payment of capital gains taxes when you sell business or investment property if you reinvest the proceeds in similar property through a like-kind exchange. A 1031 exchange allows an investor to “defer” paying capital gains taxes on an investment property when it is sold, as long another “like-kind property” is purchased with the profit gained by the sale of the first property.

Traditionally, a 1031 exchange is where one property is literally swapped for another property of like-kind. However, the likelihood that the property you want is owned by someone who wants your property is unlikely. In a delayed exchange, you need a middleman who holds the cash after you “sell” your property and uses it to “buy” the replacement property for you. This three party exchange is treated as a swap.”

To do a 1031 exchange effectively, you must exchange one property for another property of similar value. In the process you avoid capital gains, for a limited time only. Investors eventually cash out and pay taxes, but in the meantime, an investor can trade properties without incurring a sudden tax obligation. But the 1031 has been targeted by tax reformers and there is a bill in the house that eliminates it if it passes.

The 1031 Exchange Rules require that both the purchase price and the new loan amount be the same or higher on the replacement property.

There are four main section 1031 exchange types investors can choose from. The most common like-kind exchange types include the simultaneous, delayed, reverse, and construction/ improvement exchange.

A Simultaneous Exchange allows investors to relinquish and close on a replacement property in the same day. Originally, this is what a 1031 exchange was-a direct exchange between two parties. Today, this type of exchange isn’t very common. A person who owns the exact property you want also wants the exact property you own is almost nonexistent.

A Delayed Exchange is a like-kind exchange which is the most common type of exchange. This exchange gives investors a maximum 180 days after the sale of their property to identify replacement property.



A Reverse Exchange the reverse 1031 exchange is very simple: you buy first and you pay later. What makes it difficult is this type of exchange must be an all cash purchase but most banks won't lend to you. The reason is this; you cannot be on title to the replacement and the relinquished property at the same time.

A Construction/Improvement Exchange this exchange allows the use of the remaining funds to build or improve on the property you want to buy.

RULES GOVERN EXCHANGES:

Rule 1: Like-Kind Property

To qualify as a 1031 exchange, the property being sold and the property being acquired must be "like-kind." Both of the properties must be "the same nature or character, even if they differ in grade or quality."

For example:

- Exchanging an apartment building for a duplex would be allowed.
- Exchanging a single family rental property for a commercial office building would be allowed
- Exchanging a rental property or vacation rental for a restaurant space would be allowed.

****It's important to note that the original and replacement properties must be within the U.S. to qualify under section 1031.**

****When using a Starker Exchange doesn't have to be a 1-1 exchange. For example, you can exchange one property for multiple replacement properties and vice versa: you can exchange multiple properties and for one larger property. As long as the new properties are like your original properties.**



Rule 2: Investment or Business Property Only

A 1031 exchange is only applicable for Investment or business property, not personal property. You can't swap one primary residence for another.

For example:

- If you moved from California to Georgia, you could not exchange your primary residence in California for another primary residence in Georgia.
- If you were to get married, and move into the home of your partner, you could not exchange your current primary residence for a vacation property.
- If you were to own a single-family rental property in Idaho, you could exchange it for a commercial rental property in Texas.

Rule 3: Greater or Equal Value

In order to completely avoid paying any taxes upon the sale of your property, the IRS requires the net market value and equity of the property purchased must be the same as, or greater than the property sold.

Rule 4: Must Not Receive "Boot"

A Taxpayer Must Not Receive "Boot" from an exchange in order for a Section 1031 exchange to be completely tax- free. Any boot received is taxable to the extent of gain



IS AN IRREVOCABLE SPENDTHRIFT TRUST SUBJECT TO DIVISION IN DIVORCE?

Good estate planning can oftentimes revolve around asset protection - will the assets left for the benefit of children be subject to the creditors of the children or be subject to seizure by an ex-spouse. A recent case from the Massachusetts Supreme Court held that assets in an irrevocable trust could not be divided in a divorce proceeding between one of the beneficiaries and that beneficiary's spouse.



In **Pfannenstiehl v. Pfannenstiehl, 475 Mass. 105, 55 N.E.3d 933 (2016)**, the Massachusetts Supreme Court unanimously overturned a lower court decision that had ordered that assets in an irrevocable discretionary trust created by the husband's father be split in a divorce.

The husband's father created an irrevocable trust for the husband, his siblings, and their children. At the time of the divorce proceeding, the trust held property valued at \$25 million and there were 11 beneficiaries.

The irrevocable trust instrument states that distributions shall be made as follows:

[The trustees] shall pay to, or apply for the benefit of, a class composed of any one or more of the Donor's then living issue such amounts of income and principal as the Trustee, in its sole discretion, may deem advisable from time to time, whether in equal or unequal shares, to provide for the comfortable support, health, maintenance, welfare and education of each or all members of such class.

The irrevocable trust also contains a spendthrift clause:

Neither the principal nor income of any trust created hereunder shall be subject to alienation, pledge, assignment or other anticipation by the person for whom the same is intended, nor to attachment, execution, garnishment or other seizure under any legal, equitable or other process.



The Massachusetts Supreme Court held that the husband's interest in the irrevocable trust should not have been awarded to the wife in the divorce, because the husband does not have sufficient ownership and control over the trust. As explained (citations omitted):

Interests in discretionary trusts generally are treated as expectancies and as too remote for inclusion in a marital estate, because the interest is not “present [and] enforceable”; the beneficiary must rely on the trustee’s exercise of discretion, does not have a present right to use the trust principal, and cannot compel distributions. Diane attempts to distinguish the 2004 trust from a “pure” discretionary trust, however, by noting that distributions from the 2004 trust are subject to an “ascertainable standard” which governs the trustee’s discretion.

Under § 103 of the Uniform Trust Code, an “ascertainable standard” refers to a trust provision that requires a trustee to distribute funds to support a beneficiary’s needs “relating to an individual’s health, education, support or maintenance.” See G. L. c. 203E, § 103. This standard limits the discretion of the trustee, who is obligated to make distributions with an eye toward maintaining the beneficiary’s standard of living in existence at the time the trust was created.

The trustee of a trust that contains an ascertainable standard must engage in a detailed inquiry into each beneficiary’s needs and finances, and must “give serious and responsible consideration both as to the propriety of the amounts and as to their consistency with the terms and purposes of the trust.” Such consideration must be “viewed in light of [the beneficiaries’] assets and needs, when measured against the assets of the trust.” See G. L. c. 203E, § 803 (if trust has more than one beneficiary, trustee must give “due regard to the beneficiaries’ respective interests”).

The wife argues that, because the trustees of the 2004 trust must take the husband’s standard of living into account when determining whether to make distributions, the husband has a present enforceable property right to compel distributions when he needs them. Her argument relies in large part on the Appeals Court’s decision in *Comins v. Comins*, 33 Mass. App. Ct. 28, 30-31 (1992), in which an interest in a discretionary trust with an ascertainable standard was deemed sufficiently certain to include the trust in the marital estate. In that case, the wife was the sole beneficiary of the trust. She received all of the trust income and held power of appointment over the trust upon her death.

Unlike the spouse in *Comins*, however, the husband is one of eleven living beneficiaries among an open class of beneficiaries. The trustees of the 2004 trust are required to take into account the trust’s long-term needs and assets, unpredictability in the stocks that fund it (which the judge found at times in the past have provided no income or have incurred a loss), the changing needs of the eleven current beneficiaries, and the possibility of additional beneficiaries.



The husband's present right to distributions from the 2004 trust is speculative, because the terms of the trust permit unequal distributions among an open class that already includes numerous beneficiaries, and because his right "to receive anything is subject to the condition precedent of the trustee having first exercised his discretion" in determining the needs of an unknown number of beneficiaries.



Keep all your Crypto profits under the Internal Revenue Code (IRC).....
when traded as an asset of your Global Estate Planning (GEP) Trust.

You do not have to move to a foreign country to avoid taxes on Crypto.

The **IRC** allows Capital Gains to be **excluded** under **Title 26 IRC Section 643b**.

Not a deferral, there is no Capital Gains tax on the sale of Capital assets including Crypto, Real Estate, Gold, Silver, O&G, Stocks and Bonds, inside the GEP Trust.

This Trust complies with the **IRC**, the Restatement of Trusts and Scott on Trusts.

You will be the **Trustee** with total control over all the assets in the Trust.

The GEP Trust has a **21-year** life that may be extended.

With a **50-year history**, the original Trust was **drafted** by a Harvard Trust Professor in **1970**. He retired to Houston and wrote it for Oil and Gas Companies to protect their land holdings and to avoid taxes. The Trust was **Copyrighted in 1999** by Paul Rosen, the Attorney of Record, who issued the Legal Opinion for the Trust.

Three **FORBES** articles that explain this Trust are available for your review.

We look forward to discussing the GEP Trust in detail.

Ideally, if you are facing significant tax liability or will in the future, this trust will make sense. If you are concerned about asset protection, this trust will make sense for you.



EXCEPTIONAL BENEFITS



BUSINESS EXPENSES

Expenses and business affairs conducted on behalf of the Trust may be paid by the Trust and not considered income to the person receiving these payments.



HOUSING & MORE

Trust expenses can include housing, utilities, homeowners' insurance, property taxes, housing repair and maintenance, and vehicles, vehicle insurance, vehicle taxes, vehicle repair and maintenance.



EXPENSES FOR MINORS

Beneficiaries that are minors and/or those incapacitated can be provided food, clothing, medical, education, transportation needs, and wellness. Basically, all expenses except entertainment may be covered!



EXPENSES FOR ADULTS

The Trust can provide medical, education, transportation needs, and wellness for adult Trustees and Beneficiaries. This is not income to them if this income is paid on behalf of the Beneficiary or Trustee and not paid directly to the Beneficiary or Trustee.



INHERENT POWERS

One of the benefits of a Spendthrift Trust is that the Trust has inherent power to invest to create more wealth.

