

MetLife has entered the Structured Installment Sales marketplace. This is a “show-stopper”. A large, well-recognized U.S. life insurance company will now provide and guarantee the future payments from an installment sale transaction under Internal Revenue Code section 453.

What is a Structured Installment Sale?

An installment sale is when sellers receive future payments when selling appreciated property. This technique has been used for years. A new feature to this installment sale transaction allows the seller to receive future payments guaranteed by a financial institution unrelated to the buyer. This is called a Structured Installment Sale.

MetLife advantages

MetLife, with its professional sales and staff support system is well positioned to provide capital gains tax relief, and financial and estate planning answers for sellers of highly appreciated assets. These items include many types of real estate and businesses.

The MetLife transaction takes place fully in the U.S. The annuity company, Metropolitan Tower Insurance Company, will issue the annuity contract. It will also guarantee MetLife Assignment Company. An international transaction may still be considered and now there is a U.S. domiciled option.

This transaction is available in California, Florida, New Jersey and Texas as of mid-October 2019 and will likely be available in other states in the near future.

See the MetLife brochure below for additional information on this transaction.

Please don't hesitate to contact Lesti Structured Settlements, Inc. a leader in this Structured Installment Sales arena for additional information.

Structured Installment Sale

Metropolitan Tower Life Insurance Company

Are you planning to sell your business or real estate holding this year? If so, you might be facing the prospect of a substantial capital gain. It's important to evaluate the tax and financial options available for the proceeds from such transactions. One solution that is tax efficient and provides guaranteed¹ income to help secure your future is the Metropolitan Tower Life's Structured Installment Sale product.

What is a Structured Installment Sale?

The Structured Installment Sale is an annuity that allows you to defer potentially large capital gains tax and receive guaranteed installment payments over time. This installment sales approach allows you to choose what amount you'd like to receive now and how much you'd like to put into an annuity. The payment stream can be set to fit more immediate needs or help plan for the longer term, like retirement.

For a transaction to qualify as a Structured Installment Sale, it must be an eligible property in which you receive at least one payment after the tax year of the transaction.²

Eligible property sales include, but are not limited to:



- Sale of Real Estate:
 - Personal Property (e.g. a home)
 - Commercial Property (e.g. an office or apartment building, a retail store, farm lands, etc.)
- Sale of a Business (e.g. dental or veterinary practice)

Sellers should consult with their tax advisors to determine if a prospective sale qualifies for our Structured Installment Sale product.³

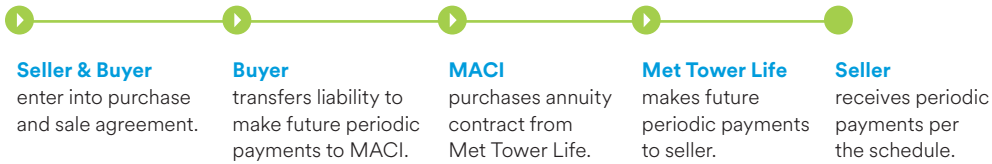
What are the advantages to the Structured Installment Sale?



- Deferral of capital gain taxation
- Conversion of asset into a guaranteed income stream, immune to market volatility and performance
- Payments guaranteed by a financially sound and trusted company⁴

How does a Structured Installment Sale work?

Instead of receiving one lump sum, all parties agree to periodic payments for a stated number of years as a condition of the property sale. The periodic payment obligation is then transferred to MetLife Assignment Company (MACI) by the Buyer, who pays the full premium to cover the payments. MACI takes the Buyer's premium check for the periodic payments and purchases an annuity from Metropolitan Tower Life Insurance Company (Met Tower Life). Met Tower Life would then issue the scheduled payments to the Seller on behalf of MACI. Both entities are wholly owned, U.S. based subsidiaries of MetLife and, as such provide great confidence for all parties.



A Case Example:

Earlier this year, Marge sold an investment property that she had owned for the last 20 years. The sale price was \$1,500,000; the adjusted basis of the property was \$900,000, the property wasn't subject to a mortgage and the selling expenses associated with this transaction were \$50,000.

During the sale, Marge consulted with her legal and tax advisors who helped her determine that a Structured Installment Sale would be beneficial. This financial tool would provide periodic payments to help supplement her retirement and would also defer capital gain taxes on the property beyond the year of the sale. Per the Purchase and Sale agreement, the **\$1,500,000** purchase would be payable as follows: upfront cash of **\$500,000** in this year with the remaining **\$1,000,000** payable in 10 equal amounts beginning next year.

If Marge had received the proceeds in full at the time of the sale, she would have to pay close to **\$110,000** in capital gain taxes, assuming a 20% capital gains rate. An additional 3.8% net investment income tax would also apply to a portion of the gain. But, if she utilizes the Structured Installment Sale she will pay approximately **\$27,500 of capital gains taxes** this year, assuming a 15% capital gains rate, and **\$0 each year** for the next 10 years, assuming a 0% capital gains rate.* Under the tax rules applicable to installment sales, a portion of each payment will comprise interest and thus, will be taxed as ordinary income.

Ultimately, by using a Structured Installment Sale, Marge's capital tax bill will be reduced thus preserving more of the sales proceeds and she will have peace of mind of a guaranteed¹ income stream.



Original Investment in Installment Sale Annuity	\$1,000,000
Potential Total Guaranteed ⁴ Payout after 10 years	\$1,078,025*

*The 15% and 0% capital gains tax rate assumes Marge's annual taxable income in the year of the sale and during the 10 years thereafter doesn't exceed the applicable ceiling necessary to take advantage of these preferential rates. Under these assumptions, the gain is also sheltered from the 3.8% net investment income tax.

*Rates are subject to change⁵

How was Marge's capital gain calculated?

The capital gain taxes were computed by first determining the amount of gross profit (none of which is subject to depreciation recapture rules): Selling price of \$1,500,000 less adjusted basis (including expenses of the sale) of \$950,000 equals a gross profit of \$550,000. The gross profit factor is 36.67% (\$550,000 gross profit divided by \$1,500,000 contract price).

In the year of the sale, Marge received only the down payment of \$500,000. In applying the gross profit factor of 36.67%, Marge must report \$183,350 of capital gain income resulting in about \$27,502.50 of capital gains taxes (\$183,350 x 15%). For the ten years following the year of the sale, Marge receives \$100,000 per year. In applying the gross profit factor of 36.68%, Marge must report \$36,670 of capital gain income resulting in about \$0 of capital gain taxes annually during this period (\$36,670 x 0%). Marge's filing status is married filing joint.

This example is hypothetical in nature and actual results will vary.

For further information about the federal tax treatment of installment sales, see IRS publication 537 at www.irs.gov.

The Met Tower Life Advantage

The Structured Installment Sale is provided by Metropolitan Tower Life Insurance Company, (Met Tower Life), an insurance industry leader and a leader in the structured settlement market. Met Tower Life holds an A+ rating from A.M. Best, an Aa3 rating with Moody's, an AA- with Fitch and an AA- with Standard & Poor's. The promise of financial security is only as solid as the company making the guarantee. When you select our annuity, you are choosing a leader who will partner with you every step of the way and can provide you with a steady, dependable income stream — both now and in the future.

1. All guarantees are subject to the financial strength and claims-paying ability of Metropolitan Tower Life Insurance Company.
2. Real or personal property sold by the dealer or a person who regularly sells property on the installment plan and property included in inventory do not qualify for the installment sale rules. Marketable securities are not eligible for installment sale treatment. Other restrictions apply. Please consult your tax advisor before entering in to an installment sale agreement.
3. Neither MetLife nor its affiliates offer tax or legal advice. Any discussion of taxes in this material is intended to be general in nature and based on our understanding of the tax laws as they currently apply. Tax laws are subject to change and to different interpretation. You should consult your own tax advisor to determine how the tax law applies to your situation.
4. For current ratings information and a more complete analysis of the financial strength of Met Tower Life, please go to www.metlife.com and click on About Us, Corporate Profile, Ratings
5. This chart shows an example of how a Metropolitan Tower Life Insurance Company Structured Instalment Sale could perform. Returns shown are hypothetical and are not intended to represent returns on any Met Tower Life product. Based on rates in effect August 15, 2019. All rates are subject to change.