



Mission to promote excellence in estate planning by serving estate planning councils and their accredited members – AEP[®] s and EPLS[®]
275 member Councils and 40,000 members

Council benefits include:

1. Access to Robert E. Alexander Webinars now free of charge
2. Council Roundtable sessions via zoom
3. Best Practices – Council of Excellence Awards
4. No-charge speakers program
5. Benefits (discounts) to services for individual practitioners.
6. Educational and leadership conference Oct. 19th to 23rd Washington D.C.

Go to www.naepc.org for more information

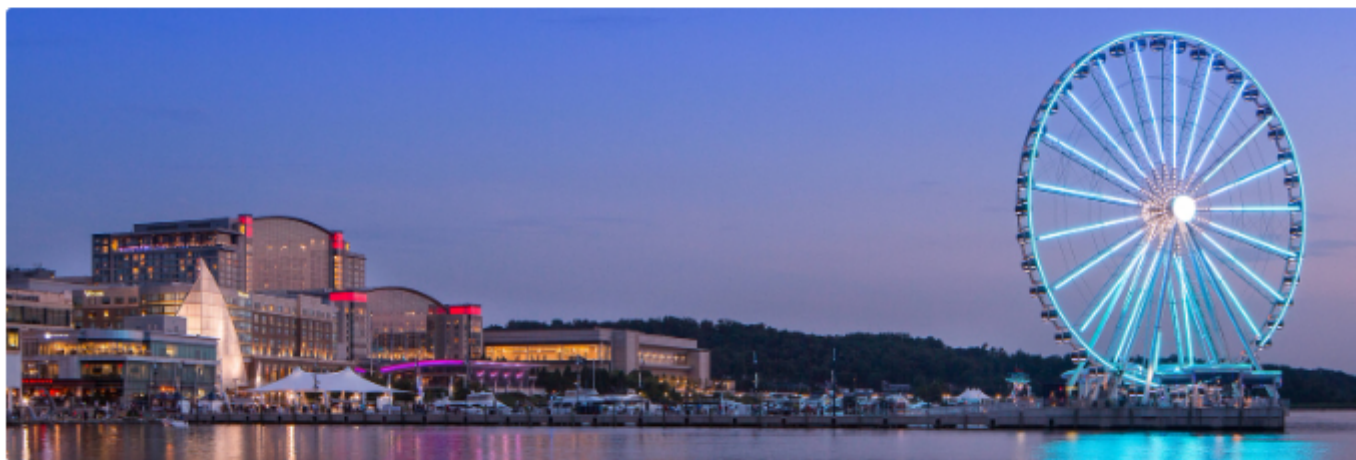


62nd Annual NAEPC Advanced Estate Planning Strategies Conference and Council Leadership Conference

October 19 – 23, 2025 | Washington, DC |

[Gaylord National Resort & Convention Center](#)

Save the Date!



Who Should Attend?

The conference educational sessions are for **every member of every estate planning council** and **all estate planning professionals** regardless of membership status. The Annual Conference offers an opportunity to cultivate important new multi-disciplinary relationships while collaborating on cutting edge ideas and trends.

Following, we'll host the Council Leadership Conference (formerly known as "Council Leadership Day") where leaders from councils around the country convene to learn best practices to maintain and create a thriving local council from peers. These sessions are limited to individuals currently serving as volunteer board members or staff executive/administrator for a local council.



AEP®



Accredited Estate Planner® Designation

Administered by the National Association of Estate Planners & Councils, the Accredited Estate Planner® designation means “I believe in the team concept of estate planning” and attainment allows designees to distinguish themselves to clients and among peers as a true member of the team.

It is awarded only to estate planning professionals who meet special requirements of education, experience, knowledge, professional reputation, and character. This page of our website offers an overview of the program requirements and additional information can be obtained by downloading an application below or by reviewing the [“Frequently Asked Questions.”](#)



“As I focused more and more on estate planning in my practice, I began to realize the importance of finding another professional credential that spoke to my commitment to estate planning and need to collaborate successfully with other professionals in the estate planning team. No one professional can do it all and by earning the Accredited Estate Planner, AEP® designation I communicate to my clients and peers that I am actively engaged in building relationships with like-minded professionals who are aligned with my passion for excellence in estate planning. This collaborative approach brings out the best in me and my team in service to our clients. I highly recommend this designation so that you, too, can take your practice to the next level.”

- Paul S. Viren, CLU®, ChFC®, AEP®, designee since 2011

Charitable Remainder Trusts

Protect the value of appreciated assets



Kit Mac Nee

CFP® CRPC® AEP® QPFC® CSPG®

Financial Advisor

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Beverly Hills, CA 90212

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Charitable Remainder Trust

- Bypass Taxes
- Increase Income
- Charitable Gift



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Appreciated Asset



This will allow you to bypass Capital gains taxes and may give You an income tax deduction.

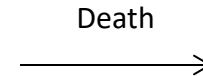


CRT
will hold Appreciated Asset

Needs to be done before offer of sale



- CRT
- Will hold proceeds from sale of the appreciated asset



Charity

A minimum of 10% of original value at the time of deposit

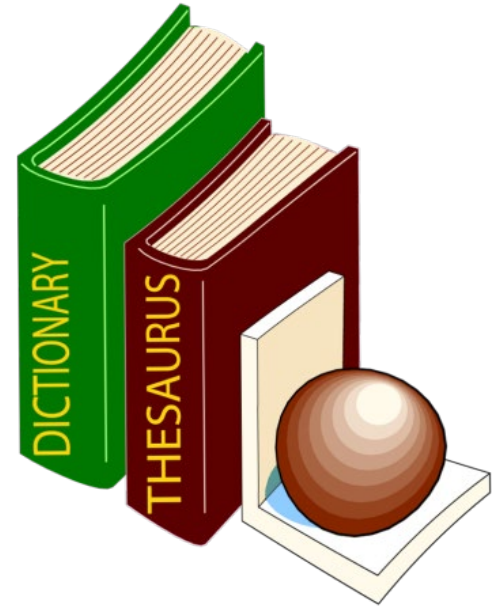


5% Income for life to Grantors

Morgan Stanley

Definitions

- What can go in the trust?
- Who can be the income beneficiary(s)?
- How do you determine the income?
- Who can be the charity?



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Beneficiaries



- At the time of gift, at least 10% must be left to charity
- Public or private charity
- Donor Advised Fund
- Family members – parents, siblings, spouse



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Grantors: Phil and Bette Anthropist
Age 65



A gift of appreciated securities
Market Value= \$1,000,000
Cost Basis= \$200,000



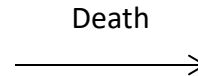
CRT
will hold Appreciated Asset

Needs to be done before offer of sale

An income tax deduction of \$337,000 will be generated, which may save \$133,729 in taxes.



CRT
Will hold proceeds from sale of the appreciated asset



Charity

A minimum of 10% of original value at the time of deposit

with \$800,000 Capital Gain in 20% bracket the outright sale would have \$160,000 in capital gain taxes



5% Income for life to Grantors
\$50,000 for life

\$840,000 of principal would only generate \$42,000 in income

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What if:



- I'm not that charitable and want the asset to go to my kids
- I need some cash out of the sale
- It may take some time to sell the appreciated asset



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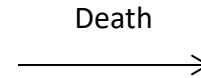
Investment
Real Estate



CRT
will hold Investment
Real Estate



CRT
Will hold proceeds from sale
of Investment Real Estate



Charity
For custom
purpose

A minimum of 10% of
original value at the
time of deposit

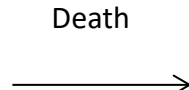
This will allow you to bypass
Capital gains taxes and may give
You an income tax deduction.

Needs to be done before offer of sale

5% Income for life



Purchase Insurance



Kids and grandkids

Morgan Stanley

Grantors:
Jim and Sandy Martinez
Both Age 65



Investment Real Estate
 Cost Basis: 400,000
 Market Value: 800,000

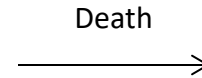


CRT
 will hold Investment
 Real Estate

Needs to be done before offer of sale



- CRT
- Will hold proceeds from sale of Investment Real Estate
- \$800,000



Charity
 For custom
 purpose

This will allow you to bypass
 Capital gains taxes and may give
 You an income tax deduction.
 Charitable Deduction: \$335,984
 Income Tax Savings: \$158,011

Based on a 20% Capital
 Gains rate the outright sale
 would have owed taxes of
 \$143,000 (20% Fed, 12% CA
 and 3.8% net investment
 income).

Outright sale
 would have only
 produced \$32,850
 after the taxes are
 paid.

5% Income for life
 \$49,111

Total Before Tax benefit \$1,031,333

A minimum of 10% of
 original value at the
 time of deposit. Gift to
 Charity \$1,212,533



Purchase Insurance

Death



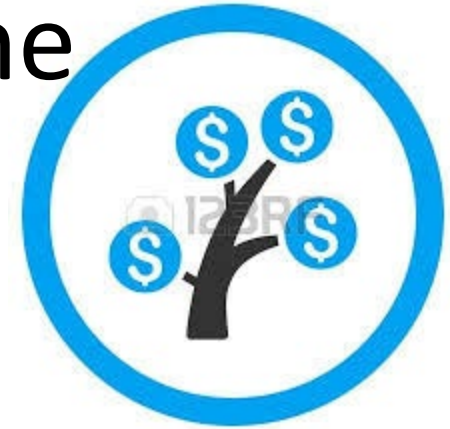
Kids and grandkids

\$800,000 from Insurance Policy

Second to die policy, \$9,000 per year premium

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Distributing the Income



- Must be between 5 and 50%
- Five payout formats:
 - **Annuity** – same amount regardless of value of trust assets
 - **Standard** – fixed % of annual value of trust assets
 - **Net Income** – pays lesser of full fixed % or actual income

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Distributing the Income (cont.)

- ***Net Income with Make-Up*** – to the extent income exceeds the amount required, the trust can distribute excess income to make up for prior years deficiencies
- ***Flip*** – it begins life as a Net Income or NIMCRUT and converts to a standard trust in the year following a “triggering” event, i.e. sale of asset



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Divide Business into two pieces

Needs to be done before offer of sale

Sale of Business

Cash to Grantor
Equal to percentage of
Business owned out right

This will allow you to bypass Capital gains taxes and may give You an income tax deduction.

CRT
will hold a percentage of business

Death →

Charity
For custom
purpose

CRT
Will hold proceeds from sale of
Investment Real Estate

A minimum of 10% of
original value at the
time of deposit

5% Income for life

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Grantors are Jim and Susie
Martinez, both 65

Needs to be done before offer of
sale

Sale of Business
\$5,000,000 Fair Market Value
Cost Basis: \$100,000



Grantor



20% to
Grantor



\$1,000,000 Cash to Grantor
Pays taxes at 20% on 20% of
Capital gain - \$196,000

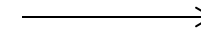
This will allow you to defer \$ 784,000
Fed capital gains taxes, + \$470,400 CA
+ \$148,960 and may give you an income
tax deduction of up to \$1,348,240.
Up to 30% of AGI/year

CRT
will hold 80% of business



CRT
Will hold proceeds from sale of
80% of Business

Death



Charity
For custom
purpose

A minimum of 10% of
original value at the
time of deposit

5% Income for life
\$200,000

Outright sale of \$5,000,000
would have had taxes of
\$980,000. Would have left
\$4,020,000. Taking \$900,000
after taxes as a lump sum
would only allow \$156,000 of
income per year.



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Grantors: Phil and Bette Anthropist
Age 71

A gift of an office building
Market Value= \$2,900,000
Cost Basis= \$700,000



An income tax deduction
of \$1,408,241 will be generated,
which may save \$464,719 in
taxes.

Needs to be done before offer of sale



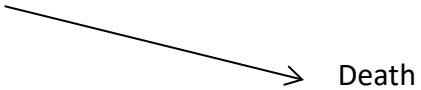
CRT
will hold Office Building



CRT
Will hold proceeds from sale of the appreciated asset

A minimum of 10% of original
value at the time of deposit

with \$2,200,000 Capital Gain in 20%
bracket the outright sale would have
\$330,000 in capital gain taxes



6% Income for life to Grantors
\$174,000 for 20 years

Charity

\$ 2,570,000 of principal would only generate
\$154,200 in income .

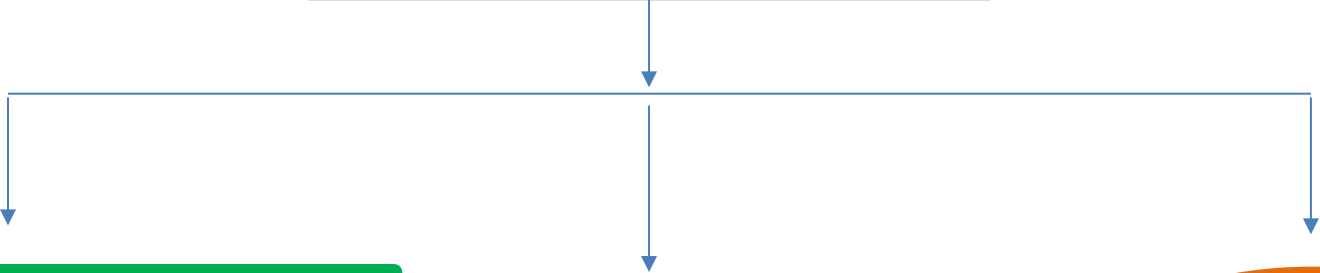
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Avoidance of Capital Gain Tax

		No CRT		With CRT	
Sale of asset		\$ 17,000,000.00		\$ 17,000,000.00	
Cost basis		\$ 100,000.00		\$ 100,000.00	
Capital Gain		\$ 16,900,000.00		\$ 16,900,000.00	
CA tax	13%	\$ 2,197,000.00		\$ -	
Fed Tax	20%	\$ 3,380,000.00		\$ -	
Net Proceeds		\$ 11,323,000.00		\$ 16,900,000.00	
Income	5%	\$ 566,150.00		\$ 845,000.00	
25 year total		\$ 14,153,750.00		\$ 21,125,000.00	



\$16,666,666.7
Land with one tenant



Investment portfolio
Cash out
5,555,555.56

Real Estate Investments
Multiple Properties
5,555,555.56

Charitable Remainder Trust
Fund Retirement
5,555,555.56

The information in this report is based on data supplied by you and is intended to be used as a guide for your financial strategy. The information and data were obtained from sources deemed reliable. Their accuracy or completeness is not guaranteed and subject to change with current market conditions. There is no guarantee that the figures presented will be attainable in the future. Morgan Stanley Smith Barney LLC and its Financial Advisors and Investment Representatives do not offer tax advice. Individuals should consult their personal tax advisor before making any tax-related investment decisions.

Investment
Portfolio
\$5,555,555




1. Diversified Portfolio and available cash
2. After tax funds
3. Focus on Tax Free Income and Growth
4. Deposit \$5,555,555
5. Expected rate of return 5%
6. Annual income to start at approximately \$277,778
7. Capital Gains of approximately \$4,444,444 at 24% = \$1,057,778 + CA @ 13% \$722,222
8. Charitable Remainder Trust will offset capital gain taxes on this portion through a charitable tax deduction



Real Estate
\$5,555,556

1. 1031 Exchange – transfer into other pieces of residential/industrial real estate tax deferred
2. Amount of about \$5,555,556
3. Expected return (all cash after expenses) 3.5 -4% - properties
4. Estimated income at tax advantaged rate \$ 194,444 annualized at 3.5%
5. Estate Plan can leave real estate as a legacy gift to who or whatever.
6. No capital gain taxes paid until death. \$4,444,444 gain tax deferred, approximately \$1,057,778 + CA @ 13% = \$577,778. At that time there will be a step up in the cost basis.

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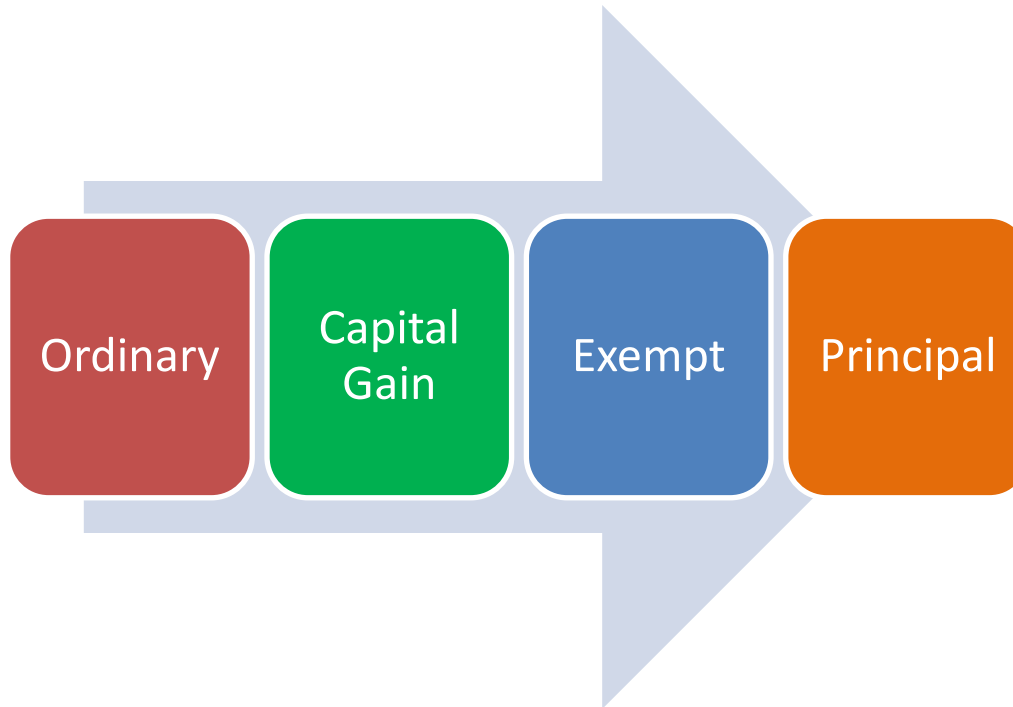
Charitable Remainder Trust



1. Deposit \$5,000,000 of current holdings into trust
2. Accept offer and sell property
3. By-pass Capital Gains taxes
4. \$5,555,556 invested into a diversified portfolio
5. Will generate roughly \$277,778 (5% return).
6. Make a Charitable Contribution for when you don't need the money in the future
7. Gives you a tax deduction to be used immediately against the gains on the cash taken out for the investments
\$888,889 of capital gains possibly bypassed, \$992,020 tax deduction

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Taxation of Distributions

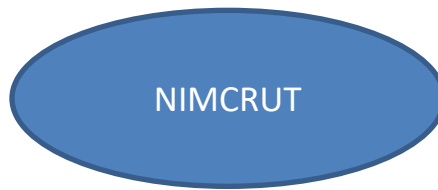


Four Tier System of Taxation

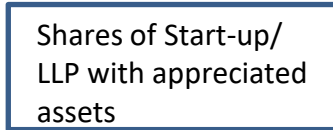
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Net-income With Make Up CRT

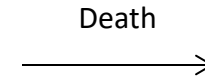
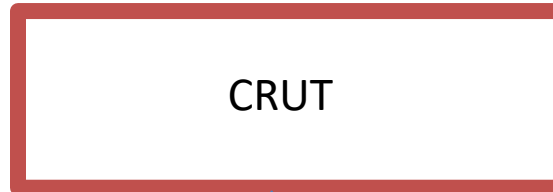
- Uncertain income with Deferral Possibilities
- Timing Income for Later Needs
- Delay, Defer, or change payouts
- Aligns with asset protection and tax deferral strategies
- Avoids liquidation of illiquid assets
- Useful for varying needs of beneficiaries



NIMCRUT



This may allow you to bypass **Capital gains** taxes in the **future** and may give You an income tax deduction.



Income stays in trust until a specific event or can be changed annually



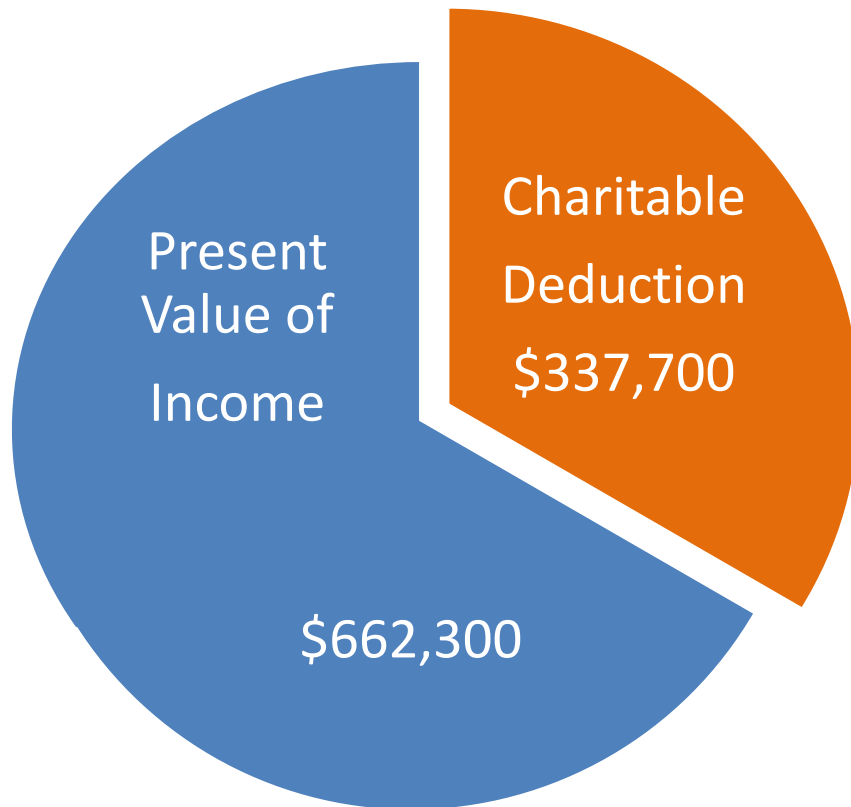
Flexible or delayed income

Allows TTEE to
Income taxes

A minimum of 10% of
original value at the
time of deposit

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How the deduction is Calculated



- Fair market value
- Measure Term of Trust
- Payout rate
- Income payment frequency
- Charitable Federal Midterm Rate

10% Rule - to qualify the present value of the charitable gift must be at least 10% of the fair market value.

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Claiming the Charitable Deduction



- Type of property given
- How it is given
- Type of charitable organization

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Claiming the Charitable Deduction

- Long Term Capital Gain Property
 - Up to 30% of AGI to a public charity
 - Up to 20% of AGI to a private non-operating charity
- Gifts of other than publically traded securities to private non-operating charity are limited to the lesser of cost basis or fair market value.



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Claiming the Charitable Deduction



- Cash
 - 50% of AGI to a public charity
 - 30% of AGI to a private non-operating charity
- Ordinary Income Property
 - 50% of AGI to a public charity
 - 30% of AGI to a private non-operation charity
- Carryover rule
 - You may carryover for up to five years

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Questions



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