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Course Information

Course Title: *Asset Protection Tax Strategies #490121*

Recommended CPE credit hours for this course

In accordance with the standards of the CFP Board, the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

CFP®: 12 (All States) CFP Board Course ID# 195321
CFP Board sponsor number: 1008.

CPA: 17.5 (Accepted in all states)
National Registry of CPE Sponsors ID Number: 107615.
Sponsor numbers for states requiring sponsor registration:
Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)
Hawaii Board of Public Accountancy: 14003
New York State Board of Accountancy (for ethics): 002146
Ohio State Board of Accountancy: M0021
Pennsylvania Board of Accountancy: PX 178025
Texas State Board of Accountancy: 009349

EA/OTRP: 17 (All States) IRS: Qualified Sponsor number: *FWKKO*.

CLU, ChFC Professional Recertification: 17

Course Description:

This informative course covers traditional planning tools and their utilization to protect assets. The Uniform Fraudulent Conveyance Act, the Bankruptcy Code, and various aspects of the tax law are highlighted in describing asset protection aspects of corporations, partnerships, limited liability companies, family partnerships, trusts, retirement plans, insurance products, and other conventional tools. Special topics include protection against lawsuits, costs of long-term illness, divorce set-

lements, foreign asset protection trusts, statutory protections, homestead provisions, exempt assets, cancellation of indebtedness taxation, and marital agreements.

Program Delivery Method: Self-Study (NASBA QAS Self-Study/Interactive)

Subject Codes/Field of Study

CPA, CFP Board; Taxes.

EA, OTRP: Federal Tax Law.

NAPFA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels. Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Course Content

Publication/Revision Date: 3/30/2021.

Author: Danny Santucci, J.D.

Final exam (online): One-hundred twenty questions (multiple-choice).

Instructions for taking this course

Note: Download and save the PDF of this course to your computer for future reference, and to enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window) for easier navigation.

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- CFP® and EA credits are reported weekly.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Assignments & Objectives

As a result of studying each assignment, you should be able to meet the objectives listed below each assignment.

ASSIGNMENT

SUBJECT

Chapter 1

Introduction to Asset Protection

At the start of Chapter 1, participants should identify the following topics for study:

- * Situations that create danger
- * Sources of lawsuits
- * Types of liability
- * Basic protection concepts
- * Types of creditors
- * Badges of fraud
- * Statute of limitations & criminal penalties
- * Permissible asset transfers
- * Asset protection goals
- * Preparation for asset protection

Learning Objectives

After reading Chapter 1, participants will be able to:

1. Specify the goals and purposes of asset protection, the objections some people have about shielding assets from creditors, and reasons for asset protection.
2. Identify situations that can unexpectedly put assets and financial security at stake and the common sources of lawsuits.
3. Recognize the author's concept of exploding and imploding liability how dealing with them is necessary for a complete asset protection plan, and the concepts of insurance, asset placement, and statutory protections when applied to asset protection.
4. Specify the types of creditors associated with asset protection and fraudulent transfers recognizing their salient characteristics.
5. Identify the fraudulent transfer provisions which protect current and future creditors, the badges of fraud in the Uniform Fraudulent Transfer Act, applicable statutes of limitation, potential criminal penalties associated with fraudulent transfers, and the differences between fraudulent asset transfers and permissible asset transfers.
6. Determine net worth using a balance sheet, identify asset values, and show the preparation of a balance sheet in the context of determining the depth and scope of suitable asset protection planning.

After studying the materials in Chapter 1, answer the exam questions 1 to 26.

ASSIGNMENT	SUBJECT
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Chapter 2	Insurance
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At the start of Chapter 2, participants should identify the following topics for study:

- * Homeowner's, automobile, and disability insurance
- * Life insurance
- * Annuities
- * Buy-sell agreements
- * Entity & cross-purchase agreements
- * Purchase price & terms
- * Community property
- * Professional corporations
- * S corporations
- * Sole shareholder planning

Learning Objectives

After reading Chapter 2, participants will be able to:

1. Identify characteristics of homeowner's, automobile, and disability insurance and what asset protection they may offer.
2. Specify persons in which rights are placed by life insurance and reasons to purchase life insurance and the benefits, uses, and types of life insurance, identify variables that influence when life insurance is taxable for federal estate tax purposes, and cite reasons for establishing an irrevocable life insurance trust in order to achieve several estate tax planning advantages.
3. Determine what constitutes an annuity and the types and characteristics of annuities specifying their tax advantages and disadvantages.
4. Identify entity purchase and cross-purchase agreements recognizing tax and legal advantages and pitfalls.

After studying the materials in Chapter 2, answer the exam questions 27 to 41.

ASSIGNMENT	SUBJECT
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Chapter 3	Asset Placement
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At the start of Chapter 3, participants should identify the following topics for study:

- * Individual titles & sole proprietorship
- * Categories of C corporations
- * S corporations
- * Types of trusts
- * Trust taxation
- * Co-tenancy
- * Partnership taxation & recapitalization
- * Family partnerships

* Limited liability companies

* Retirement plans

Learning Objectives

After reading Chapter 3, participants will be able to:

1. Recognize ways to hold property, what taxpayers must do before beginning an asset protection program, and the advantages and disadvantages of holding property individually and through a sole proprietorship specifying how these pitfalls can be avoided.
2. Identify guidelines that corporate business owners should follow to protect their corporations, issues regarding potential personal liability for shareholders, officers, and directors, protection ideas for corporate business owners, and §469 passive loss restriction considerations.
3. Specify the advantages and disadvantages of using a corporation in asset protection planning, the differences among categories of C Corporations, recognize the importance of S corporations and their estate tax planning advantages, and determine the advantages and disadvantages of transferring farmland to a corporation.
4. Identify testamentary trusts, living trusts recognizing subcategories of trusts, and changes necessary when used for asset protection.
5. Determine how different trusts are taxed with regard to income tax, estate tax, and gift tax, identify the grantor trust rules and the effect of the treatment on owners for income tax purposes, and specify the tax consequences of several trust types.
6. Recognize the various types of co-tenancy and their impact on asset protection and tax liability.
7. Identify partnerships and their types, ways that partnerships may be better than corporations from an estate-planning viewpoint, how partnerships are taxed, how estate freezing works to minimize death taxes, and the structuring of family partnerships.
8. Specify the advantages and disadvantages of a limited liability company (LLC), problems associated with its newness, and how professional firms, joint ventures, and families can benefit from establishing LLCs.
9. Recognize how retirement plans can be used to provide substantial lifetime benefits to a business owner and to employees while simultaneously providing asset protection.
10. Identify important characteristics of custodianship and estates as asset protection tools.

After studying the materials in Chapter 3, answer the exam questions 42 to 67.

ASSIGNMENT

SUBJECT

Chapter 4

Bankruptcy

At the start of Chapter 4, participants should identify the following topics for study:

- * Tax law changes
- * Bankruptcy types
- * Automatic stay
- * Preferences
- * Priorities
- * Debt discharge
- * Individual bankruptcy estate
- * Individual debtor
- * Corporate bankruptcy
- * Homesteading & garnishment

Learning Objectives

After reading Chapter 4, participants will be able to:

1. Determine how the 2005 Bankruptcy Act changed procedures, qualifications, and tax law, and identify the most common bankruptcy types recognizing their influence on how an individual or business “goes bankrupt.”
2. Specify the rules for automatic stay and levy and their impact on “freezing” creditor activity, tax assessment, and collection.
3. Identify the differences between preferential and nonpreferential payments specifying the priority of creditor claims.
4. Recognize when debt is discharged under various bankruptcy types and how to establish an individual bankruptcy estate determining its taxable income and filing requirements, and identify the special rules that apply to individual debtors, partnership bankruptcies, and corporate bankruptcies.
5. Specify debts covered under homesteading, and determine permissible garnishment amounts recognizing special garnishment rules.

After studying the materials in Chapter 4, answer the exam questions 68 to 83.

ASSIGNMENT

SUBJECT

Chapter 5

Avoiding Tax on Debt Cancellation & Foreclosure

At the start of Chapter 5, participants should identify the following topics for study:

- * Qualified farm debt exclusion
- * Real property business debt
- * General ordering of tax attribute reduction
- * Reduction of tax benefits
- * Basis reduction
- * Partnership bankruptcy
- * Corporation stock-for-debt rule
- * S corporation bankruptcy
- * Foreclosure
- * Discounted acquisition of debt

Learning Objectives

After reading Chapter 5, participants will be able to:

1. Recognize the effect that debt cancellation has on net worth and potential income inclusion from cancellation of indebtedness income, and specify exceptions to the general income inclusion rule and their tax impact.
2. Identify tax attribute reductions and their application when reducing canceled debt, cite the special basis reduction rules, recognize the depreciable property election in reducing the basis of depreciable property before reducing any other tax attributes, determine what constitutes individual, partnership, and S corporation bankruptcy, and specify the variables used in determining whether shares of stock issued to a creditor are nominal or token.
3. Determine gain or loss resulting from foreclosure or repossession identifying reporting and filing requirements, specify the timing and character of the gain or loss, and cite the hidden income tax danger of directly or indirectly acquiring one's own debt at a discount.

After studying the materials in Chapter 5, answer the exam questions 84 to 94.

ASSIGNMENT

SUBJECT

Chapter 6

Divorce Settlements & Divisions

At the start of Chapter 6, participants should identify the following topics for study:

- * Premarital agreements
- * Application of §1041
- * Incident to divorce
- * Property basis
- * Purchase of residence between spouses
- * Purchase of business & investment property between spouses
- * Division of corporate business interests
- * Division of partnership business interests
- * Deferred v. present division of benefits
- * Individual retirement arrangements

Learning Objectives

After reading Chapter 6, participants will be able to:

1. Identify the formats that courts typically follow if a couple does not have a premarital agreement and post-nuptial and premarital agreements including how they relate to divorce settlements and divisions.
2. Determine the application of §1041 to interspousal transfers, the tax trap of deferred tax liability, and the transferor's and transferee's property basis under §1041(b).
3. Specify the deferred gain or loss associated with selling an interest in the marital residence, recognize the application of §1041 to selected business, retirement, and investment assets, and identify conditions that must be met for a like-kind exchange to be nontaxable.

4. Recognize tax consequences resulting from the division of certain types of property between spouses or former spouses incident to divorce, and identify the elements of a Qualified Domestic Relations Order (QDRO).

After studying the materials in Chapter 6, answer the exam questions 95 to 107.

ASSIGNMENT	SUBJECT
Chapter 7	Protecting Assets from Old Age & Catastrophic Illness

At the start of Chapter 7, participants should identify the following topics for study:

- * Managing the estate
- * Medicare
- * Medicaid & countable assets
- * Medicaid & non-countable assets
- * Medicaid & inaccessible assets
- * Private insurance
- * Healthcare decisions
- * Supplemental Security Income
- * Income & assets
- * Disability benefits

Learning Objectives

After reading Chapter 7, participants will be able to:

1. Specify ways to manage an incompetent person's estate, determine joint tenancy and its benefits, and identify the levels of conservatorship that can influence assistance in management and protection of an estate and/or personal care.
2. Recognize the concept of durable power specifying how to maximize its use, and identify funded revocable living trust variations and their advantages.
3. Determine eldercare benefits of Medicare and Medicaid, countable income, and asset groups under Medicaid.
4. Identify possible health care decisions such as having a living will, determine the distinctions between Supplemental Security Income and Social Security disability benefits, identify assets groups for SSI, and specify requirements for SSI and Social Security disability benefits.

After studying the materials in Chapter 7, answer the exam questions 108 to 120.



Asset Protection Tax Strategies

**By
Danny C. Santucci**

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TABLE OF CONTENTS

CHAPTER 1 - Introduction to Asset Protection.....1-1

Why Asset Protection?.....	1-2
Situations That Create Danger	1-4
Sources of Lawsuits	1-6
Types of Liability.....	1-8
Basic Protection Concepts	1-8
Types of Creditors	1-14
Evading Creditors.....	1-17
Fraudulent Transfers.....	1-17
Badges of Fraud	1-19
Statute of Limitations	1-22
Criminal Penalties	1-22
Permissible Asset Transfers.....	1-23
Asset Protection Goals	1-25
Preparation	1-28

CHAPTER 2 - Insurance.....2-1

Homeowners Insurance.....	2-2
Automobile Insurance.....	2-2
Disability Insurance.....	2-3
Life Insurance.....	2-4
Purpose	2-5
Tax Overview	2-5
Income Tax	2-5
Transfer for Value Rule.....	2-6
Employee Death Benefit - §101(b) Repealed	2-6
Premiums.....	2-6
Lifetime Benefits	2-7
Section 72.....	2-7
Estate Taxes - §2042 & §2035(a).....	2-8
Ownership	2-9
Gift Taxes	2-9
Community Property Gift Danger.....	2-9
Life Insurance Trust	2-9
Considerations.....	2-10
Annuities.....	2-14
Deferred Annuity	2-15
Private Annuity	2-15
Unsecured Promise.....	2-16
Regulations Restrict Private Annuities	2-16
Buy-Sell Agreements.....	2-17
Definition.....	2-17
Contractual Format.....	2-18

Funding.....	2-18
Life Insurance Funding	2-19
Term vs. Whole Life	2-19
Policy Ownership & Premium Payment.....	2-19
Entity & Cross-Purchase Agreements	2-20
Tax Consequences - Cross-Purchase Agreements.....	2-20
Non-Deductible Premiums	2-20
No Dividend Danger	2-20
Tax Consequences - Entity Purchase Agreements.....	2-20
Non-Deductible Premiums	2-22
Dividend Danger - §302.....	2-22
Exception to Dividend Treatment	2-23
Constructive Ownership (Attribution) Rules	2-23
“Estate/Beneficiary” Rule	2-23
“Family/Trust/Corporation” Rule	2-24
No Gain on Sale	2-25
Estate Tax Valuation	2-26
Using the Buy-Sell Agreement to Set Value	2-26
Buy-Sell Agreements - §2703.....	2-26
Exceptions to §2703.....	2-27
Arms-Length Bargain	2-27
Substantial Modifications.....	2-28
Exceptions.....	2-28
Purchase Price & Terms	2-31
Valuation	2-31
Community Property	2-31
Professional Corporations.....	2-31
Marketability Problems	2-32
Controlled Disposition.....	2-32
S Corporations	2-32
Sole Shareholder Planning.....	2-33
Complete Liquidations.....	2-33
Alternative Dispositions.....	2-33
Use of Life Insurance	2-33
Estate Valuation.....	2-33
One-Way Buy-Outs	2-34

CHAPTER 3 - Asset Placement3-1

Ownership Vehicles & Entities	3-2
Individual Titles & Sole Proprietorship.....	3-2
Individual.....	3-4
Marital Property	3-4
Timing & Domicile.....	3-4
Community Property.....	3-5
Tax Basis Advantage.....	3-5
Sole Proprietorship.....	3-5
Corporatee	3-8
Categories of C Corporations.....	3-11
Personal Holding Company - §541	3-11
Attribution Rules	3-12

Penalty Tax.....	3-12
C Corporation	3-12
No Pass-Through	3-12
Getting Money Out of the C Corporation.....	3-13
Passive Loss Restrictions	3-15
Partnership vs. Corporation	3-17
Personal Service Corporation - §269A.....	3-18
The S Corporation - §1361.....	3-20
Minors as Shareholders	3-22
Bequests & Estate Ownership.....	3-22
Trusts as Shareholders.....	3-22
S Corporation Assets.....	3-26
Built-In Gains Tax - §1374.....	3-26
Incorporation of a Farm	3-27
Land Partnership Advantage.....	3-28
Leasebacks	3-29
Trusts.....	3-31
Types of Trusts.....	3-32
Revocable Trust	3-32
Land Trusts.....	3-34
Irrevocable Trusts	3-34
Testamentary Trust	3-35
Business Trusts.....	3-35
Foreign Trusts - §679.....	3-36
Grantor Trust Rules - §§671 through 679.....	3-36
Asset Protection Trusts - APTs.....	3-37
Foreign Jurisdictions.....	3-37
Alternatives	3-37
Income Taxation	3-38
Estate & Gift Tax.....	3-39
Creditor Protection.....	3-40
Family Trusts.....	3-40
Medicaid Trusts	3-41
Living Trust.....	3-42
Reversion	3-43
Advantages of a Living Trust	3-43
Disadvantages.....	3-43
Priority	3-43
Pour-Over Will.....	3-44
Trust Taxation	3-46
Income Tax.....	3-46
Grantor Trusts - §671 to §678	3-46
Grantor Retained Income Trust	3-48
Irrevocable Trust Taxation	3-49
Throwback Rules	3-50
Capital Gains	3-50
Deduction of Estate Planning Expenses	3-51
Deductibility of Death Expenses	3-51
Domestic Trust Exemptions	3-51
Gift Tax.....	3-51
Estate Tax.....	3-52

Unlimited Marital Deduction.....	3-53
Outright to Spouse	3-53
Marital Deduction (QTIP) Trust.....	3-53
Qualified Terminable Interest Trust.....	3-54
“A-B” Format	3-54
“A-B-C” (QTIP) Format	3-57
Valuation & Tax Basis.....	3-59
Alternate Valuation.....	3-59
Choice of a Trustee.....	3-60
Corporate Trustee Factors.....	3-60
Individual Trustee Factors	3-60
Co-Tenancy	3-61
Tenancy in Common	3-61
Percentage Interests.....	3-63
No Survivorship.....	3-63
Joint Tenancy with Right of Survivorship	3-63
Taxation	3-66
Percentage Interests.....	3-67
Tenants by the Entirety.....	3-67
Partition	3-68
Partnership.....	3-68
Partnership Taxation.....	3-68
Allocation of Income & Deduction	3-69
Partnership Recapitalization.....	3-69
Two Class Format.....	3-69
Valuation.....	3-69
Guaranteed Payment.....	3-70
Control & Management.....	3-70
Estate Issues	3-71
Family Partnerships.....	3-71
Charging Orders.....	3-71
Phantom Income to Creditor.....	3-72
Tax Issues.....	3-72
Estate Savings.....	3-74
Income Tax Savings.....	3-74
Family Partnership Requirements.....	3-74
Recognizing a Partner	3-75
Control	3-75
Transferability	3-76
Donee as a Partner	3-76
Trusts as Partners.....	3-76
Minor As a Partner.....	3-77
Purchased Interests	3-77
Capital Interest in the Partnership.....	3-78
Capital as a Material Income Producing Item.....	3-78
Source of Capital	3-78
Family Partnerships Not Within §704(e).....	3-79
Real Estate Family Partnerships	3-79
Business Family Partnerships.....	3-79
Structuring the Family Partnership	3-79
Limited Liability Company.....	3-82

Outside Basis & Debt Share Advantage	3-85
Substantial Economic Effect Rules	3-85
Discharge of Indebtedness Income	3-85
Suggested Uses	3-86
Professional Firms	3-86
Joint Ventures.....	3-86
Substitute for Family Limited Partnership.....	3-86
Retirement Plan.....	3-87
Plan Types	3-87
Retirement Fund Protection in Bankruptcy.....	3-89
Employer Costs	3-89
Profit-Sharing Plan	3-90
Money Purchase Pension Plan	3-90
Defined Benefit Pension Plan	3-90
Custodianship.....	3-91
Estate.....	3-91

CHAPTER 4 - Bankruptcy4-1

Federal Bankruptcy.....	4-1
Means Testing.....	4-2
Median State Income Test.....	4-2
Means Test.....	4-2
Credit Counseling.....	4-3
Tax Law Changes.....	4-3
Chapter 13 "Superdischarge"	4-3
Subordination Of Ad Valorem Tax Liens.....	4-3
Interest on Tax Claims.....	4-3
Tax Returns.....	4-3
Bankruptcy Types	4-3
Chapter 7 - Liquidation.....	4-5
Exempt Assets	4-5
Availability.....	4-6
Trustee Appointment.....	4-6
Chapter 11- Reorganization	4-6
Availability.....	4-7
Creditors' Committee.....	4-7
Reorganization Plan	4-7
Chapter 13 - Wage-Earner Plan.....	4-8
Availability.....	4-8
Repayment Plan	4-8
Trustee Appointment.....	4-9
Automatic Stay.....	4-11
Tax Assessment.....	4-13
Suspension of Statute of Limitation	4-13
Immediate Assessment	4-14
Levy.....	4-14
Tax Court.....	4-15
Tax Court Petition.....	4-15
Preferences.....	4-16
Trust Fund Taxes.....	4-16

Allocation of Tax Payments.....	4-17
Priorities	4-17
Super Priority Claims	4-17
Secured Claims	4-17
Federal Tax Liens	4-17
Priority Claims	4-18
Tax Claim Determination	4-19
Refunds	4-21
Priority of Tax Claims	4-22
Second Priority Tax Claims.....	4-22
Third Priority Tax Claims	4-22
Four Generates Priority Eight Tax Claims	4-22
Eighth Priority Tax Claims.....	4-22
Debt Discharge.....	4-24
Chapter 7 Discharge	4-24
Chapter 11 Discharge	4-26
Chapter 13 Discharge	4-26
Discharge of Taxes.....	4-27
Tax Liens.....	4-27
Individual Bankruptcy Estate.....	4-29
Separate Entity	4-29
Tax Attribute Carryovers	4-30
Termination of the Estate	4-31
Filing Requirements	4-31
Disclosure of Return Information	4-33
Taxable Income.....	4-33
Taxable Year	4-33
Gross Income.....	4-34
Deductions & Credits.....	4-34
Administrative Expenses.....	4-34
Net Operating Loss Carryback.....	4-35
Transfers to Debtor	4-35
Partnership & S Corporation Interests.....	4-35
Request for Prompt Determination of Liability	4-36
Tax Liability	4-37
Individual Debtor	4-37
Tax Year Election.....	4-37
Annualizing Taxable Income.....	4-38
Making the Election	4-38
Later Bankruptcy of Spouse	4-38
Election Considerations.....	4-40
Transfers between Debtor & Estate.....	4-40
Net Operating Loss Carryback Limitation	4-40
Partnership Bankruptcy	4-40
No Separate Estate.....	4-40
Discharge of Debts	4-41
Corporate Bankruptcy	4-41
Exemption Return Filing	4-41
Personal Holding Company Tax	4-41
Tax-Free Reorganizations.....	4-42
§354, §355, & §356.....	4-42

Corporate Liquidations under Chapter 7.....	4-43
Carryover of Tax Items - §381 & 382	4-43
Bankruptcy Exception	4-44
Reduction of Carryforwards	4-45
Section 269 Presumption.....	4-45
Homesteading.....	4-45
Types of Homesteads	4-45
Property & Equity Covered	4-46
Who Can Homestead?	4-47
Excluded Debts	4-47
Garnishment	4-48

CHAPTER 5 - Avoiding Tax on Debt Cancellation & Foreclosure5-1

Income Inclusion Rule	5-1
Exceptions from Income Inclusion.....	5-2
Order of Exclusions	5-4
Bankruptcy Case Exclusion - §108(a)(1)(A).....	5-4
Insolvency Exception - §108(a)(1)(B).....	5-4
Qualified Farm Debt Exclusion - §108(a)(1)(C)	5-5
Qualified Farm Debt - §108(g)(2).....	5-6
Qualified Person - §108(g)(1).....	5-6
Real Property Business Debt - §108(a)(1)(D).....	5-6
Qualified Debt	5-7
Exclusion Limit	5-9
Ordinary Income Recapture.....	5-10
Partnerships	5-11
Deemed Distribution Rules	5-11
S Corporations	5-11
Student Loan Exception - §108(f)	5-11
Purchase Money Debt Reduction Exception - §108(e)(5).....	5-12
Cancellation of Deductible Debt Exception - §108(e)(2).....	5-12
Reduction of Tax Benefits (Attributes) - §108(b)	5-14
General Ordering of Tax Attribute Reduction.....	5-14
Basis Reduction.....	5-17
Depreciable Property Election	5-17
Procedure	5-18
Required Reduction.....	5-18
Timing of Basis Reduction	5-18
Limit on Basis Reduction	5-19
Recapture of Basis Reductions	5-19
Exempt Property	5-20
Special Basis Reduction Rule for Qualified Farm Debt	5-20
Qualified Property.....	5-20
Basis Reduction Order	5-21
Exclusion Limit	5-21
Individual Bankruptcy	5-21
Partnership Bankruptcy	5-21
Depreciable Property.....	5-22
Allocation of Debt-Discharge Income.....	5-22
Corporate Stock-For-Debt Rule	5-22

Token Share Inclusion.....	5-22
Workout Inclusion	5-23
Recapture of Gain on Later Sale.....	5-24
Debt Contributed to Capital.....	5-25
Debt-For-Debt Exchange.....	5-25
Earnings & Profits.....	5-25
S Corporation Bankruptcy	5-26
Net Operating Losses	5-26
Adjustments to Shareholder’s Basis in Debt.....	5-26
Bankruptcy Estate as Shareholder.....	5-26
Reporting	5-26
Mortgage Debt Relief Act of 2007.....	5-26
Qualified Principal Residence Indebtedness	5-27
Mixed Indebtedness	5-27
Amount Realized On Sale or Other Distribution of Property.....	5-29
Foreclosure	5-30
Nonrecourse Indebtedness	5-30
Recourse Indebtedness.....	5-31
Reporting	5-34
Form 1099A.....	5-35
Timing & Character of Gain or Loss	5-36
Gain.....	5-37
Loss.....	5-37
Lender’s Tax Impact.....	5-38
Foreclosure Sale.....	5-38
Discounted Acquisition of Debt	5-39
Transactions Involving Related Parties	5-39
Related Persons	5-39

CHAPTER 6 - Divorce Settlements & Divisions.....6-1

Premarital Agreements.....	6-3
Uniform Premarital Act - The California Example	6-3
Permitted Items of Agreement	6-3
Unenforceable Items.....	6-5
Retirement Equity Act of 1984.....	6-5
Benefits of a Premarital Agreement	6-6
Post-Nuptial Agreements	6-6
Divorce Settlements - The Tax Trap.....	6-8
Section 1041	6-8
Application of §1041.....	6-9
Mandatory Scope.....	6-9
Property vs. Income.....	6-12
Savings Bonds	6-13
Receivables.....	6-13
Interest.....	6-14
Imputed Interest.....	6-14
Incident to Divorce.....	6-14
Related To Termination	6-15
Rebuttable Presumption	6-15
Divorce or Separation Instrument.....	6-16

Transfers in Trust	6-16
Third Party Transfers.....	6-17
Property Basis	6-18
Gift Variation	6-18
Passive Activity Loss Property.....	6-19
Property Transferred In Trust.....	6-19
Basis in U.S. Savings Bonds	6-19
Negotiated Property Divisions	6-20
Adjudicated Property Divisions	6-20
Caselaw	6-20
General Rule - Immediate & Specific.....	6-21
Liabilities.....	6-21
Holding Period.....	6-22
Notice & Record Keeping.....	6-22
Purchases Between Spouses	6-24
Residence.....	6-25
Home Mortgage Interest	6-25
Deferral & Exclusion of Gain	6-25
Business & Investment Property	6-26
Recapture	6-26
Section 1031 Exchange.....	6-26
Installment Sale of Assets	6-27
Selected Asset Divisions.....	6-28
Installment Obligations.....	6-28
Business Interests.....	6-28
Corporations.....	6-28
Section 302 Redemption	6-29
Recapitalization	6-29
Partnerships.....	6-29
Section 736(a) Payments	6-29
Effect on Recipient	6-30
Section 736(b) Payments.....	6-30
Effect.....	6-30
Exclusions From §736(b) Treatment.....	6-30
Liabilities	6-31
Series of Payments.....	6-31
Section 754 Election	6-32
Insurance Policies.....	6-32
Pension Benefits.....	6-32
Qualified Domestic Relations Order.....	6-33
Taxation of Distributions	6-35
Deferred v. Present Division of Benefits	6-35
Deferred Division Arguments.....	6-35
Present Division or Alternate Property Arguments.....	6-36
Individual Retirement Arrangements.....	6-37
IRA Deduction Limit	6-37
Rollovers	6-37
Divorce Distributions.....	6-37
Amounts Not Rolled Over.....	6-38
Military & Civil Service Pensions.....	6-38

CHAPTER 7 - Protecting Assets from Old Age & Catastrophic Illness ..7-1

Managing the Estate.....	7-1
Joint Tenancy.....	7-2
Conservatorship	7-2
Durable Power	7-3
Revocable Living Trust	7-4
Catastrophic illness.....	7-6
Medicare.....	7-6
Medicaid.....	7-7
Countable Assets	7-9
Non-Countable Assets	7-9
Personal Residence	7-10
Gifting the Residence - General Rule.....	7-10
Exceptions.....	7-11
Inaccessible Assets	7-12
Gifts	7-12
Spousal Transfers.....	7-12
Spousal Allowance	7-12
Medicaid Trusts	7-14
Limited Trust Exceptions	7-15
Criminalization of Medicaid Asset Transfers.....	7-15
Private Insurance.....	7-16
Health Care Decisions.....	7-16
Supplemental Security Income	7-19
Income.....	7-19
Unearned Income	7-20
Earned Income	7-20
Exempt Income	7-20
Assets	7-20
Countable Assets	7-20
Non-Countable Assets	7-21
Disability Benefits	7-21
Blind.....	7-22
Kidney Disease	7-22
AIDS	7-23