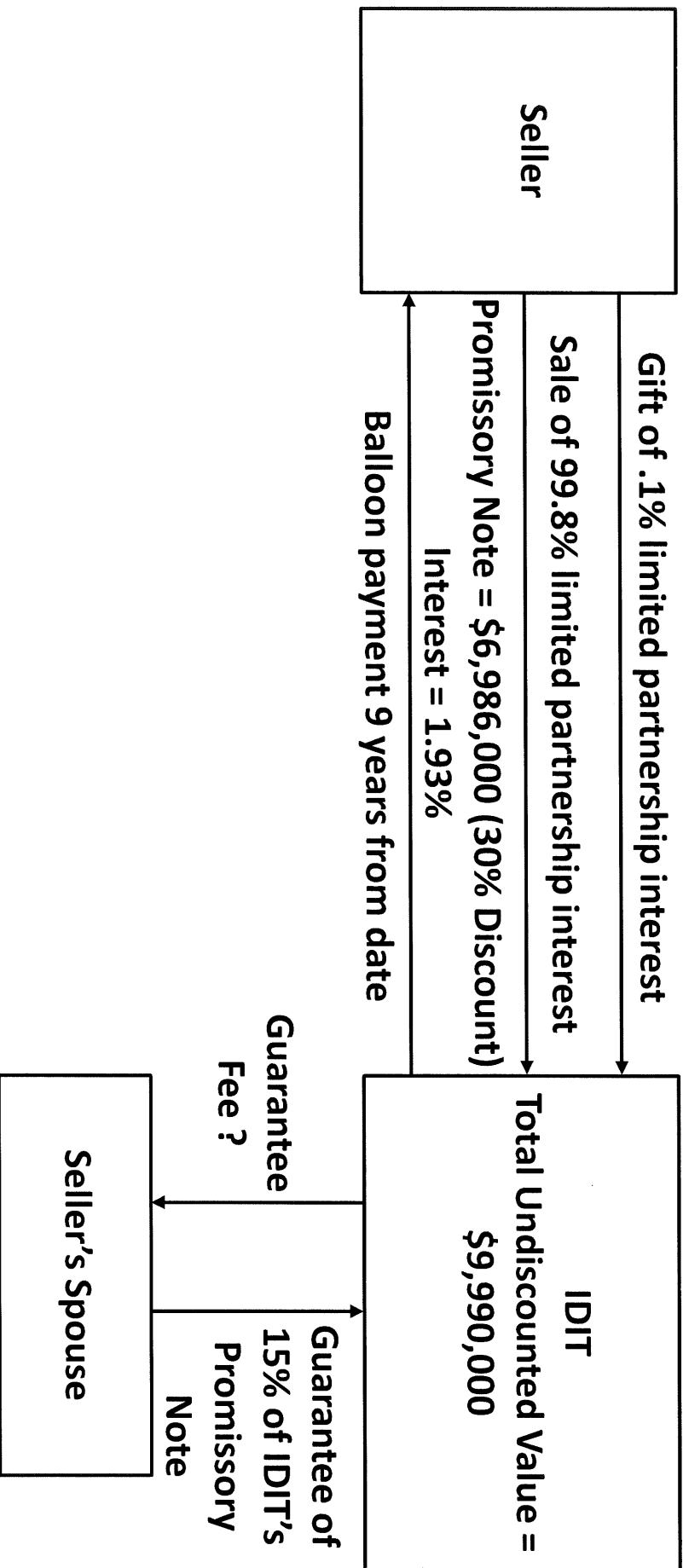


**TWENTY YEARS OF SALES TO IDITS –  
WHERE ARE WE NOW?**

- I. Historical Background.**
  - A. Grantor Trust Rules.**
  - B. 1986 Changes to Tax Rates.**
  - C. *Frazer* Case.**

## **II. Structure of Sale Transaction.**



- III. Sale for an Annuity for Life.**
  - A. 50% Survivorship Test.**
  - B. Exhaustion Test.**

## **IV. Sale to a BIDIT.**

**A. Grantor Trust Income Tax Status under Section 678.**

**B. Bona Fide Sale for Adequate and Full Consideration.**