



NEXXESS
INTERNATIONAL
BUSINESS ADVISORS

EXECUTIVE SUMMARY AND TRUST OVERVIEW

www.nexxess.com

COMPLEX SPECIALIZED SPENDTHRIFT TRUST

OVERVIEW AND EXECUTIVE SUMMARY

Nexxess Trust Overview

There are many kinds of trusts, such as: Irrevocable, Revocable, Living and Testamentary, etc. Trusts can be simple and straightforward or complex. Ninety-nine percent (99%) of all trusts in the U.S. are created as Living Trusts, which are “revocable,” and they offer no privacy, tax advantages, asset protection or living benefits. Living trusts only help someone bypass probate, and that is it. They call it a “living trust,” but give no “living benefits.” Therefore, while bypassing probate is a great thing, it’s not what clients ultimately want. They not only want benefits at death; they want benefits now. Nexxess trusts give our clients what they really want: ultimate privacy, ultimate tax advantages, and ultimate asset protection, not only at death but from day one of the trust creation.

The Nexxess Trust is irrevocable and complex in structure, and it comes with three main benefits. Our clients enjoy 1) complete invisibility of all assets, 2) total asset protection, allowing no creditors to ever seek to take assets, including the IRS, and 3) unbelievable tax advantages, using the current tax codes to the full extent of the codes. Trusts are legal entities that can be used to transfer, control, and manage property and/or assets for the benefit of another person or beneficiaries. Nexxess International specifically utilizes only one type of trust which will always have these characteristics: **Irrevocable, Complex, Discretionary, Non-Grantor, Spendthrift, Private, Renewable** and **Domestic**.

The spendthrift trust is derived from laws of antiquity; it was first established in the early 1500’s by King Henry, VIII. It is a creature of the common-law legal system still used in most countries today. This common-law foundation still ensures that the integrity of the corpus (the assets) remain sacred and beyond the reach of creditors. In addition, spendthrift trusts are used for preserving estates for future generations, shielding assets from litigation, deferring taxes, managing assets, complementing or replacing wills, as well as minimizing or avoiding the complex legal and estate-tax system. The spendthrift trust is a unique type of entity, having many powers and features within it that no other entity structure contains.



The terms and conditions of the Nexxess spendthrift trust strictly define its unique structure and design, which insures all the benefits for which it was created. There are literally thousands of spendthrift trusts remaining today that were implemented hundreds of years ago. Even the Windsor Castle in England is known to be part of a spendthrift trust created in early 1500s AD. With the right structural planning, anyone can create a secure trust structure that can last for centuries and protect their family for generations to come.

Nexxess Trust Executive Summary

The Nexxess Trust is an extremely powerful instrument for those who use it. It provides the ultimate asset protection, tax advantages, and invisibility of assets. To have complete asset protection, the Nexxess Trust must be **Irrevocable** and **Non-Grantor**. We separate the settlor, or creator, from the corpus of the trust for specific reasons. When assets are **irrevocably** transferred to the trust, they may never revert to the one who is making the endowment or transfer. Once the very first asset is placed in the trust by the “settlor,” or “grantor,” the trust is said to be “funded” and becomes valid at this time. Under these terms and conditions, legal separation has occurred upon creation, and the corpus may not be breached by claimants of the settlor, the trustee, or anyone else.

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 same trust, the trust becomes a so-called “living trust.” Living trusts have limited benefits and lose most tax advantages and asset protections enjoyed by a spendthrift trust. Because the settlor “resigns” after funding the Nexxess Trust, there can be no ambiguity concerning alter ego claims or accusations of becoming a living trust.

The Nexxess Trust is written to comply with 7 different trust-law categories and governing laws or codes. They are:

- 1 **Scott on Trust Law.**
- 2 **The Restatement of Trusts.**
- 3 **The Internal Revenue Code.**
- 4 **UTC-The Uniform Trust Code.**
- 5 **UPIA- The Uniform Prudent Investor Act.**
- 6 **Statute of Frauds. And**
- 7 **The Rule Against Perpetuities.**

This was done so the trust corpus would be protected from turnover orders by any court or judge and be separate from legislative control or actions.

To serve the beneficiaries of the trust and protect the corpus, the trust must be **Complex** in structure, with terms and conditions that plainly and fully state the powers and limitations of the Trustee(s). **Complex trusts** are governed by terms and conditions that **may not be altered** or

changed by the trustee(s); however, this is a good thing. Being **Complex, Irrevocable**, and **Non-Grantor** keeps the Nexxess Trust from any “alter-ego” claims by a creditor or potential “abusive trust scheme” claims by the IRS. Any grantor who creates a Nexxess Trust resigns after creation and has nothing further to do with the trust. This grantor resignation removes any element of “conflict of interest.”



Any trust that is “Revocable” and able to be changed after creation loses many asset protections and tax advantages. Fortunately, Nexxess Trusts maximize five “Ultimate” Living Benefits: **Ultimate Asset Protection, Asset Control, Asset Privacy, Tax Advantages**, and **Peace of Mind**.

The **Spendthrift** Provision of the Nexxess Trust is the primary critical element of its document. No spendthrift trust corpus may be penetrated to reach the assets of the corpus. Case law has upheld this for hundreds of years. No judge or court may issue a turnover order against any asset in a properly constructed spendthrift trust. There have been only two known exceptions to this rule: 1) Trustees must avoid fraudulent conveyance to avoid a judgment, but this only applies to a trust created after litigation has been filed, not before. 2) One judge has been able to reach the corpus assets to force someone to pay unpaid child support. Other than those two exceptions, Nexxess attorneys know of no other case law where a turn-over order was successful from a spendthrift trust.

The **Discretionary** terms and conditions of the Nexxess Trust are established to ensure the absolute and sole discretionary power of the trustee(s) in determining the distribution of the corpus assets to the beneficiaries of the Trust. If even a single asset or percentage of a corpus is designated in a trust instrument or by a trustee to be held or distributed to one or more beneficiary(ies), the discretionary designation of the trust would be invalid. If a trust agreement were to require the distribution of income and assets, as with a Living Trust, it would not affect the asset protection but would adversely affect the taxable structure of the trust for any taxable year such a distribution occurred. The Nexxess Trust Agreement protects clients from this. The Nexxess Trust does not require distribution; therefore, the Trustee(s) may use their discretionary feature to allocate all passive income to the corpus of the Trust, distribute some assets to Beneficiaries when the Trustee(s) wish to do so, or avoid asset distribution for as long as the Trustee(s) wish to.

The Internal Revenue Code is explicit and clear regarding discretionary trusts, plainly stating that if a fiduciary has the sole and absolute authority to designate something as extraordinary dividends or taxable stock dividends, and that designation is paid to the corpus of the trust and not subject to distribution, then this is not income to the trust according to Rule 643. Another huge advantage to discretionary trusts is that any asset held in the corpus of the trust, when sold, is not subject to capital gains taxes, as long as the proceeds from the sale go back to the Trust corpus (bank account or title deed) and is not distributed to any beneficiary. (See IRC Rule 643A and 643B, or IRS Private Letter Ruling 133314-14).

TRUST INCOME AND TAX CODES FOR THE EXECUTIVE SUMMARY



The section below is the main part of the tax code that we use to explain how the IRS applies capital gains and passive income within our unique specialized spendthrift trust. In short, there are no capital gains tax on investment gains if the gains stay in the trust corpus and are not distributed to beneficiaries.

Internal Revenue TITLE 26, Subtitle A, CHAPTER 1, Subchapter J, PART I, Subpart A, Sec 643 (a)(3),(4),(7) and (b) states: "(3) Capital gains and losses. **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. The exclusion under section 1202 shall not be taken into account. (4) Extraordinary dividends and taxable stock dividends for purposes only of subpart B (relating to trusts which distribute current income only), there shall be excluded those items of gross income constituting extraordinary dividends or taxable stock dividends which the fiduciary, acting in good faith, does not pay or credit to any beneficiary by reason of his determination that such dividends are allocable to corpus under the terms of the governing instrument and applicable local law. (7) Abusive transactions The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes. If the estate or trust is allowed a deduction under section 642(c), the amount of the modifications specified in paragraphs (5) and (6) shall be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in section 642(c) is deemed to consist of items specified in those paragraphs. For this purpose, such amount shall (in the absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes. (b) Income for purposes of this subpart and subparts B, C, and D, the term "income", when not preceded by the words "taxable", "distributable net", "undistributed net", or "gross", means the amount of income of the estate or trust for the taxable year determined under the terms of the governing instrument and applicable local law. **Items of gross income constituting extraordinary dividends or taxable stock dividends which the fiduciary, acting in good faith, determines to be allocable to corpus under the terms of the governing instrument and applicable local law shall not be considered income."**

FOUNDATIONS AND PROVISIONS OF OUR TRUST

The **Non-Grantor Provision** in the Nexxess Trust separates the creator/settlor/grantor from the corpus of the trust and exempts the trust from any “*Alter Ego*” status. In a Grantor Trust, the client asks an attorney to originate a trust for the client, and the attorney honors the request and originates a trust. This makes the client also the Grantor. Although a Grantor Trust does avoid probate, it does not have any Tax Benefits or Asset Protections while the client is alive. The grantor status can give an attorney or judge just cause to investigate and overturn that trust as an alter ego. Grantor trusts essentially allow access to all assets by the court. The IRS also labels all “abusive tax schemes” as either “grantor trusts or foreign trusts.” This alone should be enough to only consider utilizing Non-Grantor trusts.

The **Irrevocable Provision** offers tax advantages and legal protections from liability if properly constructed and executed. Irrevocable trusts do not pay taxes on capitalization, and endowments are generally beyond the reach of creditors and judgments. To have asset protection, the trust must be Irrevocable and Non-Grantor.

The **Complex Provision** allows the trust to be exempt from the requirement to distribute any of its income to beneficiaries. A simple trust must pay all income to the named beneficiary or beneficiaries annually. However, the complex provision gives our trust the best of both worlds. While it can distribute the income to the beneficiaries if the trustee wants, it is not required to do so. The trustee has the discretion to hold the income and not pay or credit a beneficiary.

The **Discretionary Provision** insures the absolute and sole discretionary power of the Trustee(s) in determining the distribution of the corpus assets to the beneficiaries. 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 becomes invalid. This in no way affects the asset protection; however, distribution could adversely affect the taxable structure of the Trust.

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, has upheld this for hundreds of years, and will continue to uphold this. No judge or court may issue a turnover order against any asset in a properly constructed spendthrift trust. This one provision is likely to be the most powerful of all provisions of the Trust.

EXECUTIVE SUMMARY: FINAL POINTS

Potential clients may know people who try to invalidate the Nexxess Trust or even claim that such trusts are not legal. If this were true, the 150,000 known trust clients presently operating from a Spendthrift trust structure in the U.S. would at least warrant a scandalous headline in the news. Not only would there be news articles, but the IRS Tax Officials would have to be consistently inept while reviewing millions of tax filings from Trustee(s) controlling Spendthrift trusts sold or offered by at least 17 different companies in the U.S. during the past 50 years. Such an assertion is preposterous.

Some skeptics have noted that the IRS website discusses trusts while exploring the topic of tax fraud schemes.¹ Such tax fraud schemes are always found in Foreign trusts and Revocable trusts. Any Nexxess Trust is always a Domestic trust and Irrevocable trust. Nexxess attorneys have not found even one abusive tax scheme on the IRS site or in case law that was an Irrevocable, Non-Grantor, Spendthrift Trust. It simply doesn't exist.

A much more reasonable conclusion is that during the last 50 years of Spendthrift trusts being widely sold in the U.S., numerous attorneys, accountants, and financial planners have reviewed and utilized completely legal Spendthrift trust structures, following the letter of the law while helping thousands of business owners and investors maximize their legal protections and profits. Spendthrift trusts are gaining in popularity as more business owners and investors discover their asset-saving potential. Not only are Spendthrift trusts successful in maximizing protections and profits, they are supported by case law and have withstood numerous IRS audits.

People are opening their eyes to the power within U.S. tax codes to defer asset taxation in Trusts. Similar to 401Ks and IRAs, assets can be taxed before allocation or during distribution, but they do not have to be taxed during both. When savvy people start thinking for themselves and stop listening to nay-sayers, great asset savings can occur. Nexxess attorneys have combined **Irrevocable, Complex, Discretionary, Non-Grantor, Spendthrift, Private, Renewable** and **Domestic** Provisions to maximize protections and profits.

Nexxess trusts can be used in all 50 States and at least 185 Countries for business. Nexxess trusts follow all banking regulations and work in conjunction with IRS Code, supporting the reduction of tax fraud schemes. The Nexxess Trust is designed for clients who have the most to protect either now or in the future and is a proven method for enhancing your wealth and securing your legacy for generations to come.



¹ Internal Revenue Service, "Is It Too Good To Be True? Recognizing Illegal Tax Avoidance Schemes," Publication 3955, Aug. 2003

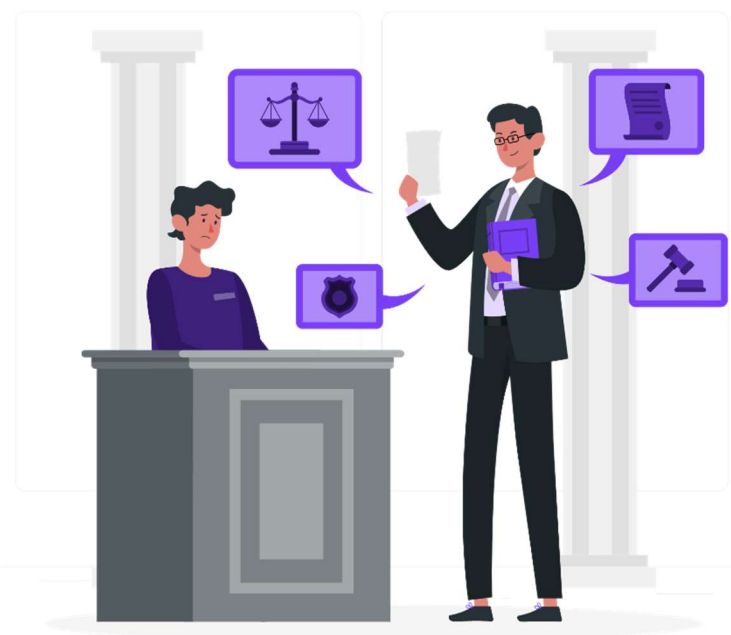
THE AMAZING LEGAL POWERS OF THE SPENDTHRIFT TRUST ORGANIZATION

A **Spendthrift Trust Organization** provides the safest road to freedom permitted by law. It provides ironclad asset protection, ultimate tax immunity, and the best way to acquire asset invisibility or privacy. When a person correctly transfers assets into a properly structured Spendthrift Trust Organization, he or she can maintain 100% control of Trust assets and have all the benefits of ownership without any inherent liabilities. Spendthrift trusts are immune to liabilities such as bankruptcy, divorce, lawsuits, liens, levies, death, etc.

The word “trust” is defined by Black’s Law Dictionary as a “right of property, real or personal, held by one party for the benefit of another.” Trustee(s) control the legal and equitable title to the property for “the benefit of” the beneficiaries. Neither the Trustee(s) nor the Trust itself owns the properties. They merely hold title to the assets, but they do not hold “equitable title” to anything. Technically, the Beneficiaries own everything in the trust “eventually,” but not until the Trustee(s) want them to. This is exactly the secret sauce to the Nexxess Trust. On paper, the assets appear to be held “in-trust” for the Beneficiaries, so we say the beneficiaries technically own everything. It’s easier to say the assets are “RESERVED” for the Beneficiaries, indefinitely. Effectively, the Trust works like an “escrow account.” However, none of our clients are required to give any assets to the Beneficiaries; so, even though the Trust holds title, the “equitable title” is merely “RESERVED” for the Beneficiaries. Furthermore, the Trust assets are only physically given to the Beneficiaries when and if the Trustee(s) desires to do so. The Beneficiaries cannot demand assets.

Some have a hard time understanding this. To help explain, Nexxess compares Trust assets to a mortgage title company escrow account. When the lender sends the money to the title company, the title company doesn’t OWN the money. The money is simply held in the bank account of the title company until the lender “approves” the funds to be dispersed, pending everything was correct and signed for. In a similar way, the Trust is like an “escrow account” of a title company. All assets are held in escrow until the Trustee(s) decides in their own discretion to approve the assets to go to a Beneficiary. Any time an income or asset is given to a Beneficiary, a taxable event is triggered.

The Beneficiaries only own the assets in the trust if they are transferred to them by title or deed by a Trustee. Until this happens, Beneficiaries own nothing in the Trust. Beneficiaries have rights to the benefits,



proceeds and profits of the assets or properties, if and when the Trustee(s) allows it. One thing to remember is that the Trustee(s) is responsible for all Trust assets, and because this is a Spendthrift trust, the Beneficiaries only are allowed what is “given to them,” and this is at the complete discretion of the Trustee(s). When the Trustee(s) allows access, this is called a “beneficial interest.” This beneficial interest is contractually non-assignable interest. Due to this contractually non-assignable interest, any creditor of the Beneficiaries may never legally attach Trust assets to a debt obligation of the Beneficiary. In addition, assets conveyed into the Trust are never a “gift” to the Trust because the assets in the Trust hold no “equitable title.”

Beneficiaries do not have any management or control of any Trust assets EVER in a Spendthrift Trust Organization. A Spendthrift Trust Organization is “created” or given life through a contract in the form of a manifestation of intention in the terms and conditions of the Trust, often referred to as the “instrument” or “trust instrument.” In addition to this, these “contracts” or “instruments” do not owe their existence to any acts of a Legislature. The authority for Trust creations is the common law right to contract by each party.

According to American law, the government **cannot regulate or impose a tax upon a “right.”** Our “**Obligation of Contracts**,” according to the U.S. Constitution, Article 1, Section 10, **may not be impaired** by any State. This means that it is beyond the rights or powers of any State government, even a judge or court, to change even one word of a Contract of Trust. Once the Trust is funded and active and the first property or asset is transferred into the Spendthrift Trust Organization, the Trust is subject to its own indenture, governing and protecting all properties or assets held by it. Assets conveyed into trusts are not gifts and may not be considered as such because there is no equitable title conveyed to any person or entity. All assets are technically held in the Trust corpus for the benefit of the Beneficiaries. As mentioned before, Beneficiaries may hold a beneficial interest but no title to the Trust assets.

It is very important to understand that any property held by a properly structured Spendthrift Trust Organization is immune from tax liens, levies, seizures, lawsuits, divorce claims or bankruptcy. The Spendthrift Trust Organization is not liable for the debts of any Trustee(s), or the Beneficiaries, and assets in the Trust corpus can NEVER be reached by a court to satisfy debts of Trustees or Beneficiaries. Likewise, the Trustee(s) and Beneficiaries are never personally liable for any debts of a Spendthrift Trust [**Hussey v. Arnold 182 U.S. 461, 21 S. Ct. 645 (1904)**].

In [**Weeks v. Sibley DC 269 F. 155 (1920)**], [**Edwards V. Commissioner. 41512 F. 532, 10th Cir. (1969)**], and with [**Philips v. Blanchard 37 Mass 510**], the courts ruled that a Spendthrift Trust Organization is not illegal even if formed for the express purpose of reducing or deferring taxes. [**Edison California Stores, Inc. v McColgan. 30 Cal 26472.183 P2d 16**] ruled that persons may adopt any lawful means for the lessening of the burden of income taxes. The Department of the Treasury, IRS Handbook for Special Agents § 412, Tax Avoidance Distinguished from Evasion states, “**Avoidance of Taxes is not a criminal offence. Any attempt to reduce, avoid, minimize, or alleviate taxes by legitimate means is permissible.**”

Pursuant to **[Narragansett Mut. F. Ins. Co. vs. Burnhamun 51 r1371, 154 a 909]**, it is not an evasion of legal responsibility to take what advantage may accrue from the choice of any form of organization permitted by law. Also, a Spendthrift Trust Organization is not considered a taxable “Association” pursuant to tax law. Black’s Law Dictionary defines Association as follows: What is designated as a trust or partnership may be classified as an association [only] if it clearly possesses [all] corporate attributes. Corporate attributes include: [1] centralized management, [2] continuity of existence, [3] free transferability of interest, [4] limited liability.

Another major advantage to operating a **Spendthrift Trust Organization** as a business is that because it is not a creature of a Legislature, it is not subject to the myriad of strangling legislative controls, rules and regulations that are applicable to corporations and other legislative entities. The Supreme Court case **[Eliot v. Freeman 220 US 178]** ruled that a **Spendthrift Trust Organization** is not subject to legislative control. The Supreme Court holds that the trust relationship comes under the realm of equity based on common law and is not subject to legislative restrictions as are corporations and other organizations created by legislative authority.

Therefore, a Spendthrift Trust Organization is not an “association” or an “unincorporated association,” because it does not possess the same attributes of a corporation. Furthermore, 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 formed by contract law, and not State Legislature or any governing body. It’s not an “alter ego” or a “nominee” for any Trustee or Beneficiary because no one person holds both legal and equitable title to assets inside the Trust. With no equitable title and beneficial interest held by no one person or individual there can be no gift to the trust and therefore no gift tax consideration to any asset conveyed to the trust applies. All assets conveyed into the trust are either purchased assets or products of “capitalization,” which has no tax consequences.



OTHER LEGALITIES ABOUT THE SPENDTHRIFT TRUST ORGANIZATION

- ▶ Only licensed Attorneys are permitted to give legal advice, create, and sell legal documents (wills and trusts) and practice law. Never buy a trust from an individual, but only through a competent law firm with years of experience.
- ▶ Nexxess Trusts are distributed by Rod Brock, a local attorney in the Dallas/Fort Worth Area, and/or his affiliates.
- ▶ Purchasing Trusts from representatives outside the legal profession can result in clients buying potentially invalid trust documents. In addition, purchasing a copyrighted trust from persons not authorized to distribute said trust is illegal.
- ▶ Nexxess accountants have already been through several audits with this trust and the IRS made NO CHANGES to the reported tax or tax return.
- ▶ Purchasing a Nexxess Trust includes access to nearly 50 legal documents potentially required to perform necessary trust business.
- ▶ **Nexxess Trusts were written to comply with 7 different trust-law categories and governing laws or codes.** They are: 1. Scott on Trust Law, 2. The Restatement of Trusts, 3. The Internal Revenue Code, 4. Uniform Trust Code (UTC), 5. Uniform Prudent Investor Act (UPIA), 6. Statute of Frauds, and 7. The Rule Against Perpetuities. This was done so the Trust Corpus would be protected from turnover orders by any court or judge.
- ▶ Our unique integration of the Non-Grantor designation exempts the Trust from any alter ego status that brings into action the management or beneficial enjoyment by the Grantor. If the creator of a trust has management of the corpus or is a beneficiary of the trust, such a trust becomes a “living trust” with only probate avoidance benefits. Without the application of the Non-Grantor designation, a trust would lose the five main living benefits of a Nexxess Trust: **Ultimate Asset Protection, Ultimate Asset Control, Ultimate Asset Privacy, Ultimate Tax Advantages, and Ultimate Peace of Mind.**
- ▶ Assets transferred into a Nexxess Trust are NOT subject to a “5-Year Lookback” for nursing home and Medicaid benefits. The IRS imposes a 5-Year lookback when people transfer assets to a “Living Trust” because living trusts can revert the assets back into the name of the grantor. The Nexxess Trust is an Irrevocable, Non-Grantor trust, meaning when you put assets into the Trust, they can NEVER revert back to the person who transferred or sold them into the Trust. As a result, an individual can sell assets to a Nexxess Trust and the very next day qualify for Medicaid and nursing home benefits.

- ▶ **EVEN WHEN DISBURSED TO A BENEFICIARY, TRUST ASSETS ARE UNTOUCHABLE:** In a Spendthrift Trust Organization, once any assets are distributed to beneficiaries, they remain as “exempt assets.” Exempt Assets of the Trust are beyond the turnover order of any court or any operation of law when used legally. No creditor of any Beneficiary can ever reach the corpus of the trust (assets) nor can they ever reach the personal assets of the Beneficiary(ies) once they receive it because they are assets from an “exempt source” and are still protected after the Beneficiary receives them.

TEXAS CASE LAW UPDATE

**Burns v. Miller, Hiersche, Martens & Hayward, P.C.
948 S.W.2d317 (Tex. App—Dallas 1997 writ denied)**

(TRIAL COURT DECISION WAS OVERTURNED BECAUSE OF SPENDTHRIFT PROVISIONS)

The Trial Court ordered beneficiary to turn over property to a receiver for use in paying a creditor of the beneficiary. The Trial Court INCORRECTLY included all disbursements from spendthrift trusts within the scope of the turnover order.

However, the Appellate Court reversed holding that beneficiary’s interest in Spendthrift trust assets are exempt property under the turnover statute (Civ. Prac. & Rem. Code §31.002). The creditor pointed out that once the trustee pays or delivers the trust assets to the beneficiary, they are no longer exempt. **Trust Code § 112.035 (a).** However, the turnover statute provides that a court may not enter or enforce an order that requires the turnover of “the proceeds of, or the disbursement of, **property exempt** under any statute.” **Civ. Prac. & Rem. Code §31.002(f).** “Thus, even when property is no longer exempt under any other statute, if it represents proceeds or disbursements of exempt property, it is **not subject** to a turnover order.” **Burns at 323.**

Moral of the story: Even distributions from Spendthrift trusts are protected from turnover orders because the property was received from an “exempt source.”

6 TYPES OF PASSIVE INCOME

...NOT CONSIDERED "INCOME" TO THE TRUST¹ by IRS.

According to IRC (Internal Revenue Code) TITLE 26, Subtitle A, CHAPTER 1, Subchapter J, PART I, Subpart A, Sec 643, STATUTE (3) and (4) and (7)(b)...

(b) Income for purposes of this subpart and subparts B, C, and D, the term "income", when not preceded by the words "taxable", "distributable net", "undistributed net", or "gross", means the amount of income of the estate or Trust for the taxable year determined under the terms of the governing instrument and applicable local law. Items of gross income constituting extraordinary dividends or taxable stock dividends which the fiduciary, acting in good faith, determines to be allocable to corpus under the terms of the governing instrument and applicable local law shall not be considered income.



01

RENTAL INCOME (RENTS)



02

ROYALTY INCOME (ROYALTIES)



03

INTEREST INCOME (INTEREST)



04

DIVIDEND INCOME (DIVIDENDS)



05

K1 - PASSIVE INCOME (K1s)



06

CAPITAL GAIN INCOME (Cap Gains)

¹ THIS TYPE OF TRUST MUST BE AN IRREVOCABLE AND COMPLEX TRUST, AND THE INCOME MUST BE ALLOCATED TO CORPUS BY THE TRUSTEE (not distributed) TO NOT BE CONSIDERED INCOME BY THE IRS.

NEXXESS TRUST KEY POINTS AND FEATURES

- ✓ The Nexxess Trust is guaranteed to be compliant and consistent with the U.S. Constitution, U.S. Supreme Court, and other case law court decisions.
- ✓ The Nexxess Trust is lawful in every state. A spendthrift trust properly established in one state can operate in any other state or country.
- ✓ The Nexxess Trust is used in a legal manner and under Spendthrift provisions. It is impenetrable to creditors and significantly protected from governments. It is even immune from transfer by operation of law (Eminent Domain).
- ✓ The Nexxess Trust has significantly less liability than a C-Corp, S-Corp, or LLC. The advantages include no annual fees and a much smaller tax burden.
- ✓ The Nexxess Trust requires no periodic reporting or accounting made to any state. It is a federally chartered entity and not a creature of a Legislature like LLCs or Corporations.
- ✓ The Nexxess Trust is made irrevocable to avoid any questions concerning ownership of the assets. The Grantor resigns, but the Trustee(s) and Beneficiaries can change.
- ✓ The Nexxess Trust does not require periodic distribution of assets to Beneficiaries, allowing Trustee(s) to retain complete control of Trust assets and tax benefits.
- ✓ The Nexxess Trust Trustee(s) retain asset control during divorce or personal bankruptcy.
- ✓ The Nexxess Trust protects assets, liabilities, and Beneficiaries from becoming public.
- ✓ The Nexxess Trust is easy to establish, can be maintained by Trustee(s), and involves minimal paperwork. It greatly reduces or eliminates fees and taxes.
- ✓ The Nexxess Trust defers taxes for any assets, including cash, that are moved into the corpus of the Trust.
- ✓ The Nexxess Trust can be used to defer taxes inter-generationally.
- ✓ The Nexxess Trust has the same constitutional rights as any individual, including the right to privacy, freedom from unwarranted search and seizure, right to refrain from self-incrimination, and all other rights.

WHO CAN BENEFIT FROM THE NEXXESS TRUST?

Ultimate Asset Protection:

- ▶ Anyone wanting to protect business or personal assets from frivolous lawsuits.
- ▶ Anyone wishing to reduce or eliminate asset vulnerability during legitimate lawsuits.
- ▶ Anyone wanting to protect business or inheritance assets from personal creditors.
- ▶ Anyone looking for protection of property from Eminent Domain.

Ultimate Asset Control:

- ▶ Anyone wanting to ensure consistent control of business or personal assets.
- ▶ Anyone wishing to share control of business assets only with specific person(s).
- ▶ Anyone wanting to pass control of business or personal assets to specific person(s).
- ▶ Anyone wanting to be able to hire or fire Trustees to control Trust assets.

Ultimate Asset Privacy:

- ▶ Anyone wanting to increase and maintain personal asset anonymity.
- ▶ Anyone wishing to reduce disclosure of business assets from public reporting.
- ▶ Anyone wanting to maximize privacy when donating assets to charitable causes.
- ▶ Anyone wishing to grow generational wealth while protecting identity of Beneficiaries.

Ultimate Tax Advantages:

- ▶ Anyone intending to sell a business, real estate, or asset without capital gains taxes.
- ▶ Anyone willing to save time and money by eliminating depreciation of business assets.
- ▶ Anyone wishing to pass on large estates to descendants while avoiding an estate tax.
- ▶ Anyone willing to change their business structure to reduce or eliminate future taxes.

Ultimate Peace of Mind:

- ▶ Anyone avoiding probate expenses on inheritance by appointing Successor Trustee(s).
- ▶ Anyone with a farm, business, or estate they don't want to liquidize to pay estate taxes.
- ▶ Anyone using Medicaid Nursing Home Care (\$3-4K/month) without liquidizing assets.
- ▶ Anyone wanting to know that assets are no longer vulnerable to predatory lawyers.

HOW TO CONTACT US:



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