



WHAT IS AN INSTALLMENT SALE?

An installment sale in the estate planning context is usually structured as a sale for a Note which provides for payments of interest only for a term of years with a balloon principal payment at the end of the term. This technique is useful to transfer investments or business interests to the next generation while simultaneously providing income to the seller. This is also useful if the buyer, usually a descendant of the seller, does not have the financial resources to purchase the interest with cash, or if the buyer/descendant cannot or will not obtain outside financing.