

# Introducing the Deferred Sales Trust™

## Hypothetical Scenarios

California Taxpayers

### HYPOTHETICAL SCENARIO



#### Commercial Real Estate in Orange County

Mr. and Mrs. Taxpayer want to sell highly appreciated commercial investment property in Orange County.

Sales proceeds after commissions and closing costs . . . . . \$4,000,000

Seller's Original Basis: . . . . . \$1,000,000

Capital Gain . . . . . \$3,000,000

Depreciation Recapture: . . . . . \$ 320,000  
(Assume Straight Line Depreciation over 15 years)

**Approximate Tax Due . . . . . \$ 1,235,560**

**Approximate Tax Due with a  
Deferred Sales Trust™ . . . . . \$ 0**

Federal Tax 20% Depr Recapture @ 25%  
CA State Tax 13.3%  
Medicare Tax 3.8% (not applied to Depr Recapture)

Mortgage Balance at time of closing: . . . . . \$ 800,000

Net proceeds for re-investment: (w/DST) . . \$3,200,000  
Interest Income at ~ 5% . . . . . \$ 160,000

Net proceeds for re-investment (w/o DST) . \$1,964,440  
Interest Income at ~ 5% . . . . . \$ 98,222

(~ hypothetical interest rate)

### HYPOTHETICAL SCENARIO



#### Apartment Building in San Diego

Mr. Taxpayer want to sell his apartment building to enjoy a management free lifestyle in retirement.

Sales proceeds after commissions and closing costs . . . . . \$ 1,500,000

Seller's Original Basis: . . . . . \$ 500,000

Capital Gain . . . . . \$ 1,000,000

Depreciation Recapture: . . . . . \$ 200,000  
(Assume Straight Line Depreciation over 15 years)

**Approximate Tax Due . . . . . \$ 446,780**

**Approximate Tax Due with a  
Deferred Sales Trust™ . . . . . \$ 0**

Federal Tax 20% Depr Recapture @ 25%  
CA State Tax 13.3%  
Medicare Tax 3.8% (not applied to Depr Recapture)

Mortgage Balance at time of closing: . . . . . \$ 250,000

Net proceeds for re-investment: (w/DST) . . \$1,250,000  
Interest Income at ~ 5% . . . . . \$ 65,500

Net proceeds for re-investment (w/o DST) . \$ 803,220  
Interest Income at ~ 5% . . . . . \$ 40,161



*Helping clients preserve their estate and protect their wealth*

**(866) 867-8633**