

TAX PROJECTIONS AND PLANNING BENEFITS COMPARISON

Asset Information

Sale of a Personal Residence

Sale Price	\$2,900,000
Cost of Sale at 7.0%	-\$203,000
Net Sale Proceeds	\$2,697,000
Original Purchase Price (Basis)	-\$1,100,000
Capital Improvements	-\$173,000
Depreciation	\$0
Individual Capital Loss Carry Forward	\$0

Projected Taxes

INDIVIDUAL	FEDERAL	CA
Taxable Gain (After applying \$500,000 Homeowners Exclusion)	\$924,000	\$924,000
Short Term Capital Gains / Ordinary Income Tax	\$0	\$99,076
Long Term Capital Gains Tax at 20%	\$184,800	\$0
Debt Over Basis Tax	N/A	N/A
Depreciation Recapture - Real Estate (25%)	N/A	N/A
3.80% Net Investment Income Surtax > \$250,000	\$25,612	N/A
3.80% Net Investment Income Tax on Debt Over Basis	N/A	N/A
TOTAL INDIVIDUAL TAXES	\$210,412	\$99,076

Total Taxes: \$309,488

Conventional Sale

SALE PROCEEDS	
Net Sale Proceeds	\$2,697,000
Debt	-\$1,200,000
Total Taxes	-\$309,488

Net After-Tax Profit: \$1,187,512

Alternative Planning

TAXWEALTH STRATEGY	
Distribution	\$2,521,618
Debt	-\$1,200,000
Assumed Investment at 6.00% Annual Yield to Meet Long Term Tax Obligation*	\$53,885

*TaxWealth is a tax analysis and solutions research company only and does not recommend individual investments. Please discuss any investments with your independent, 3rd party, investment advisor. This calculation is used for projection purposes only.

Net Distribution: \$1,321,618

Increased Distribution Compared to Conventional Sale: \$134,106

Total Available Funds (minus Tax Investment): \$1,267,733 (6.8%)

This case study is built on a calculated return that is specific to this client and transaction only. All transactions are unique and their tax benefits are calculated on a case by case basis. All documents pertaining to each case are first reviewed by the Seller's own CPA and attorney, and that any decision made by the Seller to implement this or any other planning strategy being considered is based solely on the Seller's own CPA's and attorney's advice.