

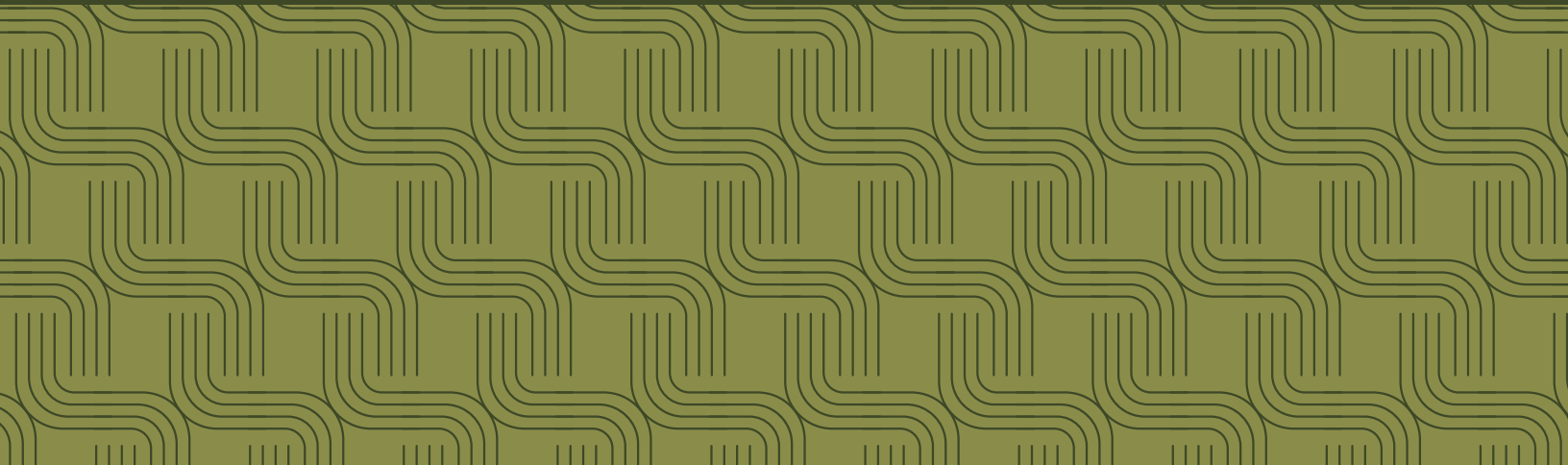


LEGACY  
INVESTMENTS  
& REAL ESTATE



CASE STUDY:

# Deferring Tax Liability and Diversifying Proceeds in Ranch Sale



## The Smiths sell a ranch in Central California and exchange into a new ranch in Arizona, but have a \$350,000 tax liability.

The Smith family owns a large almond ranch in Central California which they sell for \$6,000,000. The property had \$500,000 of existing debt. They exchanged into a new ranch in Arizona using \$5,000,000 in cash leaving taxable boot of \$500,000 in debt and \$500,000 in cash and a tax bill of \$350,000.



### RESULTS

## Without Using a DST:

Because the Smiths have taxable boot of \$500,000 in debt and \$500,000 cash, they owe the IRS \$350,000 in taxes. This leaves them with \$150,000 in liquid cash. They invest this \$150,000 in a 10-year fixed annuity with an anticipated 4.75% return, resulting in an annual return of \$7,125.

### RESULTS

## With Using a DST:

The Smiths were referred to Legacy Investments & Real Estate by their CPA. Before meeting with the representatives of Legacy, the Smiths thought they had no options but to pay the IRS \$350,000. Instead, the Smiths were able to use the \$500,000 in cash to buy interests in five different DSTs each with a 50% loan-to-value. Both the entire \$500,000 debt boot and \$500,000 equity boot were used. As a result, the Smiths maintain their entire \$500,000 in equity while owning a diversified portfolio of institutional-quality, multifamily properties that are professionally managed and have the potential for monthly income. They have preserved wealth in their estate and enjoy a totally hands-off investment.

**Contact us today for professional,  
tailored guidance on your passive real  
estate investment needs:**

legacyire.com (916) 908-1031



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**Because investor situations and objectives vary this information is not intended to indicate suitability or a recommendation for any individual investor.**

This is for informational purposes only, does not constitute individual investment advice, and should not be relied upon as tax or legal advice. Please consult the appropriate professional regarding your individual circumstance.

Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated.

Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.

There are material risks associated with investing in DST properties and real estate securities including liquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks, long hold periods, and potential loss of the entire investment principal.

DST 1031 properties are only available to accredited investors (typically defined as having a \$1 million net worth excluding primary residence or \$200,000 income individually/\$300,000 jointly of the last two years; or have an active Series 7, Series 82, or Series 65). Individuals holding a Series 66 do not fall under this definition) and accredited entities only. If you are unsure if you are an accredited investor and/or an accredited entity, please verify with your CPA and Attorney.

Fixed Annuities are long-term insurance contracts and there is a surrender charge imposed generally during the first 5 to 7 years that you own the annuity contract. Withdrawals prior to age 59-1/2 may result in a 10% IRS tax penalty, in addition to any ordinary income tax. Any guarantees of the annuity are backed by the financial strength of the underlying insurance company.

Securities offered through Concorde Investment Services, LLC (CIS), member FINRA/SIPC. Legacy Investments & Real Estate is independent of CIS.

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