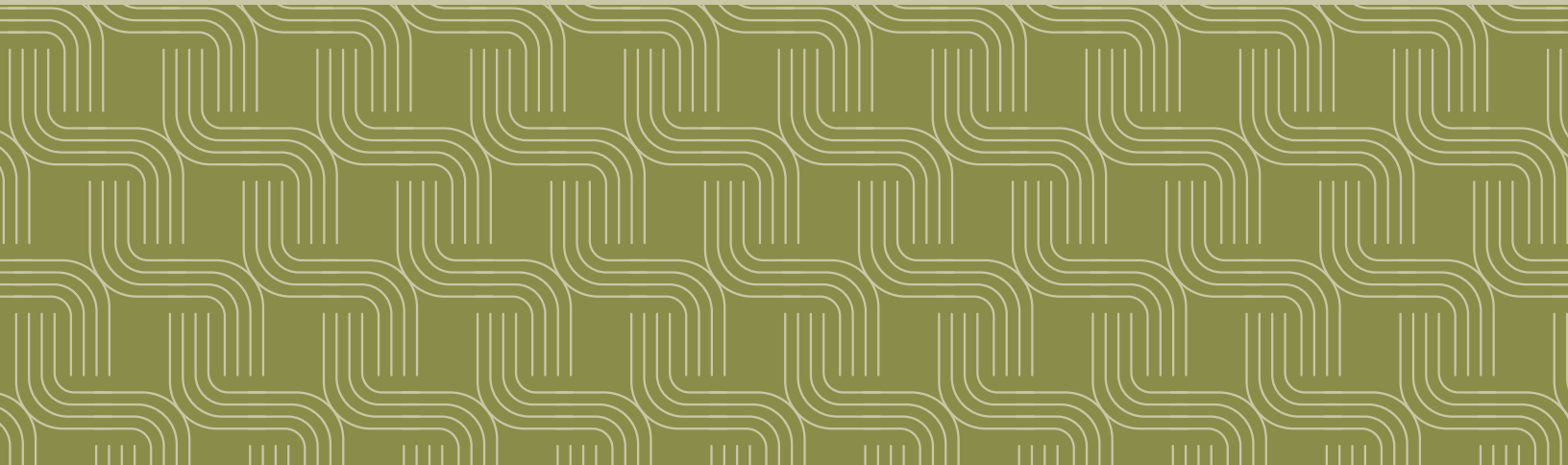




**LEGACY**  
INVESTMENTS  
& REAL ESTATE



# **Making the Financial Decision to Exchange or Not**



WHEN CONSIDERING A 1031 EXCHANGE, YOU MAY FIND IT HELPFUL TO REVIEW NOT ONLY WHY YOU'RE SELLING, BUT ALSO YOUR EXPECTED RETURN FROM A 1031 EXCHANGE INVESTMENT COMPARED TO A NON-1031 EXCHANGE. IT IS IMPORTANT TO REMEMBER THAT IN A NON-1031 EXCHANGE YOU'LL BE PAYING TAXES AND INVESTING THE REMAINING PROCEEDS INTO OTHER VEHICLES.

## Top three reasons you want to sell:

01

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02

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03

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## Equity and expected income if you do an exchange:

Selling Price of Property (Net of Commissions):	\$	_____
Debt to be Paid Off with Proceeds:	(-) \$	_____
Total Investable Funds from Exchange (1):	= \$	_____
Desired Rate of Return (Annually) (2):		_____ %

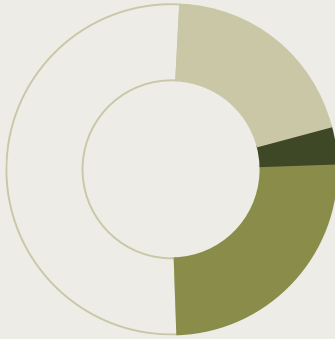
EXPECTED ANNUAL INCOME FROM EXCHANGE:\*

(1) \_\_\_\_\_ (x) (2) \_\_\_\_\_ = \_\_\_\_\_

\*Rate of return is not guaranteed and could be lower than anticipated. Example is for illustration purposes only. Individual results may vary.

## Taxes due upon sale of real estate

### 2021 FEDERAL TAXES



**0%–20%**

Long-term Capital Gains Tax

**3.8%**

Net Investment Income Tax

**25%**

Depreciation Recapture

### STATE TAXES

State taxes vary widely depending on your state of residence

**0.0%**



Low tax bracket in Florida

**13.3%**

High tax bracket in California

## After-tax equity and expected income if you don't do an exchange:

Selling Price of Property (Net of Commissions): \$ \_\_\_\_\_

Debt to be Paid Off with Proceeds: (-) \$ \_\_\_\_\_

Taxes Paid: (-) \$ \_\_\_\_\_

(Consult with your tax advisor for exact figures.  
For this worksheet, assume 25% of your selling price.)

Total Investable Funds from Sale, Net of Taxes **(1)**: = \$ \_\_\_\_\_

Desired Rate of Return on Remaining Proceeds (Annually) **(2)**: \_\_\_\_\_ %

EXPECTED ANNUAL INCOME IF I DON'T EXCHANGE:\*

**(1)** \_\_\_\_\_ **(x)** **(2)** \_\_\_\_\_ = \_\_\_\_\_

Part of the decision to exchange or not to exchange is determined by the type of replacement property or properties that are available for an exchange. Refer to our “Your 1031 Replacement Property Options” document for a detailed list.

\*Rate of return is not guaranteed and could be lower than anticipated.  
Example is for illustration purposes only. Individual results may vary.

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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.

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