

Concorde Financial Group

our role

The professionals at Concorde are CPAs, tax professionals, and licensed Investment Securities Representatives specializing in 1031 exchanges. Using our tax background, investment experience, and real estate expertise, we scrutinize each DST program and sponsor. Clients can expect us to present only the properties that, based on our experience and review, meet our sophisticated, discerning, and selective standards. We analyze and research each program, compare all the variables, and assist investors in making an informed decision on their replacement property.

Concorde will work with you, answering questions, doing analysis, and presenting "what if" scenarios to assure you are investing in the replacement real estate that best suits your needs, maintaining your pride - and benefits - of ownership.

Since 1995 our levels of understanding, review procedures, and property comparisons have been unique in the industry, making us an experienced and trusted source for answers to your 1031 questions.

For More Details, Visit our Website:
concordefinancial.com

OR (248) 740-8500



Providing Professionally Managed Replacement Properties for Purposes of Completing a 1031 Exchange

CONCORDE Financial Group

1120 E. Long Lake Rd. • Suite 250 • Troy, MI 48085

P (248) 740-8500

www.concordefinancial.com

The information herein has been prepared for educational purposes only and does not constitute an offer to purchase or sell securitized real estate investments. Such offers are only made through the sponsors Private Placement Memorandum (PPM) which is solely available to accredited investors and accredited entities. There are risks associated with investing in real estate and Delaware Statutory Trust (DST) properties including, but not limited to, loss of entire investment principal, declining market values, tenant vacancies and illiquidity. Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated. Diversification does not guarantee profits or guarantee protection against losses. DST 1031 properties are only available to accredited investors (typically have a \$1 million net worth excluding primary residence or \$200,000 income individually/\$300,000 jointly of the last three years) 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. Because investors situations and objectives vary this information is not intended to indicate suitability for any particular investor. This material is not to be interpreted as tax or legal advice. Please speak with your own tax and legal advisors for advice/guidance regarding your particular situation.

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1031 Tax Deferral 1031 Replacement Real Estate

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what is a 1031? exchange

A 1031 Exchange is a transaction in which a taxpayer can sell one property and buy another without a tax consequence. This is generally done to avoid paying capital gains tax on the sale of appreciated property and/or property that has been substantially depreciated for tax purposes over a number of years, and therefore has a very low tax basis.

IRS Code Section 1031 allows a taxpayer to take up to 100% of the proceeds from the sale of property and purchase ownership in new property, while deferring the tax on the capital gain.

Fractional Interest as Your Replacement

Did you know that by utilizing a DST (Delaware Statutory Trust) you can 1031 exchange your sale proceeds into an ownership piece of professionally managed real estate?

You Don't Have to Manage Real Estate

Section 1031 Exchanges have been part of the tax code since 1921. In 1995, the IRS began allowing for replacement properties to have multiple owners. This meant that taxpayers no longer had to find and buy property on their own. The IRS rules provide that you can purchase/exchange into a partial interest of professionally managed real estate. Today that is usually accomplished through a Delaware Statutory Trust (DST).

Hypothetical Property Sale

Sale without 1031 Exchange	
Sale Proceeds	\$1,000,000.00
Less Mortgage Balance	\$0.00
Net Sale Proceeds	\$1,000,000.00
Sale Price	\$1,000,000.00
Original Purchase Price	\$100,000.00
Less Depreciation	\$100,000.00
Tax Basis	\$0.00
Capital Gains (Sales Price - Basis)	\$1,000,000.00
Fed Tax on Gain @ 20%	\$180,000.00
State Tax on Gain @ 4.25%	\$42,500.00
NII / Affordable Care Act @ 3.80%	\$28,500.00
Depreciation Recapture @ 25%	\$25,000.00
Total Tax Liability (MONIES OWED TO IRS)	\$276,500.00
Funds Available for Reinvestment	\$724,000.00

Sale with 1031 Exchange	
Sale Proceeds	\$1,000,000.00
Less Mortgage Balance	\$0.00
Net Sale Proceeds	\$1,000,000.00
Original Purchase Price	\$100,000.00
Less Depreciation	\$100,000.00
Tax Basis	\$0.00
Capital Gains	\$1,000,000.00
Fed Tax on Gain @ 20%	\$0.00
State Tax on Gain @ 4.25%	\$0.00
NII / Affordable Care Act @ 3.80%	\$0.00
Depreciation Recapture @ 25%	\$0.00
Funds Available for Reinvestment	\$1,000,000.00

Examples used are for hypothetical purposes only.
Tax percentages may vary per state. Actual results will vary.

Potential Advantages of a 1031 Exchange via a DST

- Structured to provide a steady monthly income stream. This income can be counted on by surviving family members (spouses and children) without the worry of property management
- Avoids current federal and state capital gains tax
- Properties are usually newer and typically located in areas of growing demographics
- Flexible investment amounts provide the ability to easily split the proceeds into multiple DSTs if desired, creating greater diversification. Diversification can be geographic, by asset class, anticipated holding periods, management firms, and more
- DST allows for the continued use of depreciation to tax shelter the income created. In addition, some DST properties are in states that have no state income taxes, like Florida or Texas, providing even more tax savings. This maintains and, in some cases, helps to improve your tax sheltering ability
- Eliminates personal guarantees by utilizing nonrecourse loans
- Allows for passing the appreciated asset to beneficiaries, using "stepped up basis" - thus avoiding the payment of capital gains tax forever!