

# 1031 Exchange | UPREITs | 453 Deferred Sales Trust

Selling highly appreciated real estate or a business can trigger a significant tax bill—but it doesn't have to. With the right planning, you can **defer capital gains, maintain cash flow, and protect your legacy for future generations**. Two powerful tools—**UPREIT structures (via §1031 and §721 exchanges)** and **§453 Deferred Sales Trusts**—offer unique advantages for tax efficiency, liquidity, and estate planning. Before deciding which path fits your goals, start by answering these key questions to clarify your priorities and uncover the strategy that works best for you.

## 1. Liquidity and Cash Flow Needs

- How much immediate liquidity do you need after the sale?
- Do you require ongoing income from this asset? If so, what is your annual cash flow target?
- Would you prefer higher early cash flow or steady long-term income?

## 2. Investment Preferences

- Do you want to remain invested in real estate or diversify into other asset classes?
- How comfortable are you with illiquidity (e.g., lock-up periods, redemption limits)?
- Would you prefer a professionally managed solution or a trust structure with custom investments?

## 3. Estate & Legacy Goals

- Is minimizing taxes for heirs a priority?
- Do you plan to hold the new investment until death to leverage a step-up in basis?
- Are you interested in creating a predictable inheritance stream (e.g., installment payments)?

## 4. Risk Tolerance & Time Horizon

- How long do you expect to hold the replacement investment?
- Are you comfortable with market-based fluctuations in NAV (as with AREIT)?
- Would you prefer fixed contractual income (DST master lease) or variable returns?

## 5. Compliance & Suitability

- Are you an accredited investor with \$2.5 million in liquid assets?
- Are you willing to complete the required documentation and preclearance for a 1031/721 exchange?

## 6. Other Considerations

- Do you have other properties you plan to exchange at the same time?
- Are you comfortable engaging a qualified intermediary for a 1031 exchange?
- Do you have a timeline for reinvestment (e.g., 45-day identification, 180-day closing)?

## 7. Asset and Tax Details

- What type of property are you selling (commercial, residential investment, land)?
- What is the estimated fair market value?
- What is your original cost basis and accumulated depreciation?
- Is there any outstanding debt on the property?
- When do you plan to close on the sale?
- What is your current federal and state income tax bracket?
- Do you anticipate significant changes in your tax situation in the next 5–10 years?
- Are you subject to Net Investment Income Tax (NIIT)?
- Do you have other large capital gains this year that could affect your tax planning?

## 8. Connect To Explore Further

Schedule a convenient time for us to speak using this link: [Schedule a Property Exchange Discussion](#)

We'll discuss these matters together and help you identify the best path forward.

## Thoughtful Planning Matters

Don't let unnecessary taxes erode your hard-earned wealth. Whatever your priority, the right plan starts with an understanding of what's possible. Connect with us today to explore tailored strategies that can help reduce your tax liability on highly appreciated property and build wealth in your estate.



**Let us help you Bridge the Gap.**

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