CLEAR VIEW WEALTH ADVISORS, LLC
Plan Well. Invest Smart. Live Better.

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Pre-Sale Tax Analysis and Money Flow Projection
Sale of $3.375M Business Property (100%) [1]

	$ 3,375,000	**Sale Price -100% Allocation [2]**
Less $	$15,390	Cost of Sale – Recording - at $4.56/$1,000
	$3,359,610	Net Sale Proceeds
	$ 537,500	Basis[3]

$2,822,110 Taxable Gain

Federal

Asset Sold –
100 Main Street, Anytown, MA

$3,359,610 Net Sale Proceeds
$ 537,500 less basis
$ 255,148 less depreciation [4]
$ 2,566,962 Taxable Gain @ 15% L/T Federal Rate

$ 385,044 Tax on Sale

$ 255,148 Depreciation Recapture @ 25%

$ 63,787 Tax on Recapture

Net Investment Income Surtax

$ 2,822,110 Gross Taxable [5]
Less $ 250,000 Threshold (Married)
$ 2,572,110 Taxable
@ 3.8% Tax Rate

$ 97,740 Tax

State of Massachusetts

$ 3,359,610 Net Sale Proceeds
$ 537,500 less basis
$ 2,822,110 Taxable Gain @ 5.3% L/T Cap Gain Rate

$ 149,572 State Tax Due

Total Projected Federal and State Taxes

$ 696,143
(24.7% Effective Rate) [6]

Money Flow
(Summary)

Without Planning

$ 3,375,000 Sale Price
$ 3,359,610 Net Sale Proceeds

$ 3,359,610 Net Cash Before Tax
$ 696,143 Federal / State Taxes

$2,263,467 Net After-Tax Profit at Close of Escrow

With Tax-Deferral Plans

$ 3,375,000 Sale Price
$ 3,359,610 Net Sale Proceeds

$ 3,359,610 Net Cash Before Tax
$ 63,787 Federal / State Taxes [7]

$ 2,895,823 Cash Tax-Free Available at Close of Escrow

The foregoing projection is for illustrative purposes only and is based on assumed data which is subject to change. Consequently, before a decision is made regarding the use of any tax planning strategy, the Seller is encouraged to provide accurate numbers to be analyzed and reviewed by the Seller's tax counsel.

Footnote 1: Sale price reported for 100% of the property interest as 100 Main Street, Anytown, MA

Footnote 2: Represents 100% of total sale price for the current Revocable Trust beneficiary

Footnote 3: Basis assumes original purchase price in 1986 plus subsequent property improvements and step-up in basis upon deaths of revocable trust donors (see attached flowchart)

Footnote 4: Depreciation assumes 39-year straight-line method for original purchase price less land value estimated at 50% plus subsequent estimated improvements and assuming closing mid-year 2020 (see attached calculation)

Footnote 5: Federal Net Investment Surtax is based on gross taxable investment gain less $250,000 threshold; Net Investment Surtax applies on income generated above $250,000 from a variety of non-wage sources including sales of investment assets

Footnote 6: Estimated tax liability includes federal calculation on long-term gain plus depreciation recapture plus state long-term gain for state; effective rate is total tax liability divided by estimated taxable gain of $2,822,110

Footnote 7: Tax liability based on recapture of depreciation which is not tax-deferred

Tax Deferral Options

- **1031 Like-Kind Exchange**
- **Intentionally Defective Grantor Trust**
- **Deferred Sales Trust**
- **Structured Sale with Annuities or Bonds**
- **Installment Sale Coupled with Monetization Loan**

Tax-Deferred Like-Kind Exchange

This is a tax-deferral strategy only. It has very stringent time performance requirements and cannot be used to exit real estate ownership. A replacement property must be identified within 45 calendar days and closed on within 180 calendar days.

In order to defer 100% of the capital gains taxes, the seller-exchanger must:

- Reinvest all or the net proceeds from the relinquished property, and
- Obtain equal or greater financing for the replacement property.

To implement the strategy, the seller-exchanger must use a non-related third-party as a "qualified intermediary."

Replacement properties may be directly owned or be purchased as part of a group of tenants-in-common or in a similar grouping (Delaware Statutory Trust) that allows acquisition of larger properties.

Risks include the inability to find an adequate replacement property or arrange financing within the strict time periods required by the law.

Costs: The fee for a "qualified intermediary" can range from $800 to $4,000. There may also be fees associated with property inspection, appraisal, and environmental site remediation costs if choosing a directly owned replacement property. These are not discrete costs for any property acquired through a 1031-Exchange property sponsor.

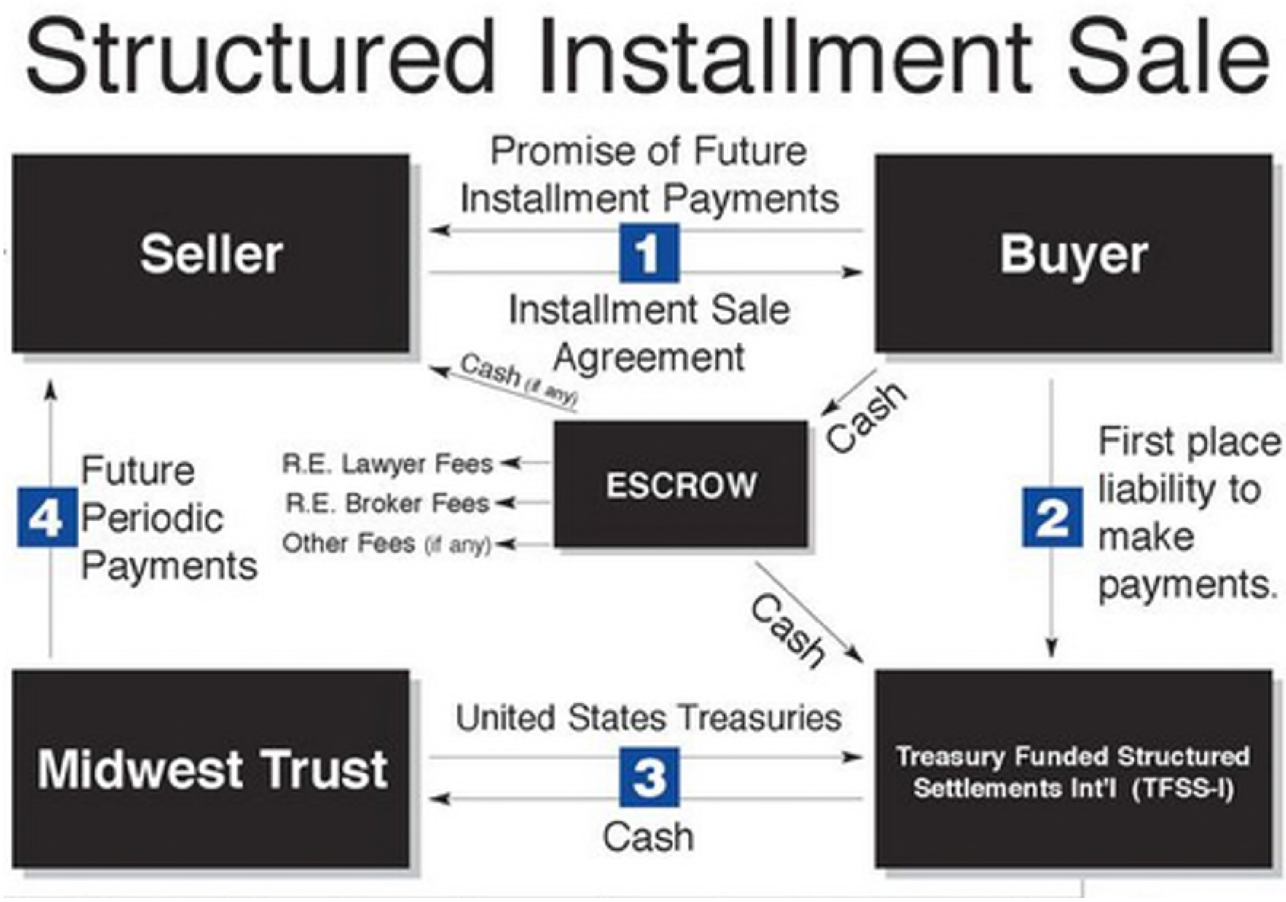
Intentionally Defective Grantor Trust

This is a tax-deferral strategy that may also allow for a step-up in basis. This option combines a loan between parties with an estate planning strategy to reduce taxes on appreciated assets.

Costs: There is a lawyer fee for drafting the appropriate Grantor Trust which may range from $6,000 to $15,000 depending on the circumstances, type of asset, and drafting language needed.

Tax-Deferred Structured Sale Strategy

Capital gains taxes are due when income is “realized” over the term of the structured sale contract. This method is based on IRC Section 453 – Installment Sale.



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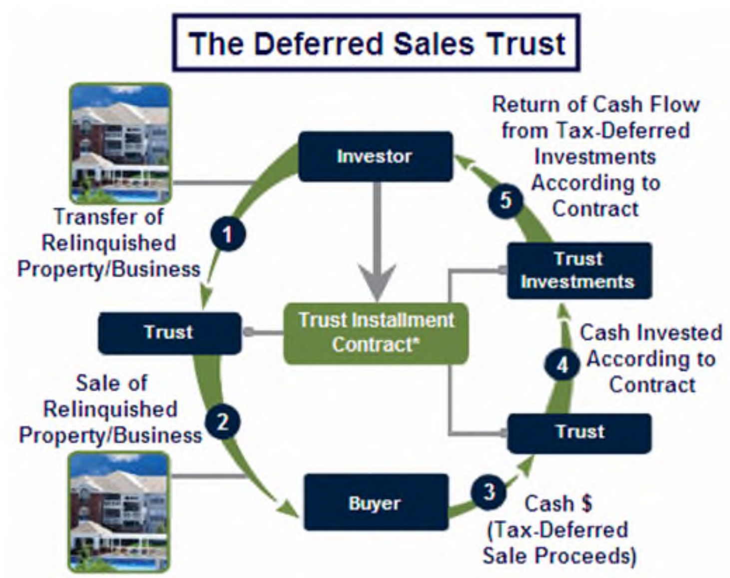
Tax-Deferred Sales Trust Strategy

The Deferred Sales Trust is a legal contract between you and a third-party trust in which you sell real or personal property or a business to the Deferred Sales Trust in exchange for the Deferred Sales Trust's contractual promise to pay you a certain amount over a predetermined future period of time in the form of an installment sale note or promissory note.



*The Trust Installment Contract is formed by the investor with the Trust to set the investment criteria for the sale proceeds as well as the schedule of cash flow. Cash flow can be paid to the investor in the form of principal, interest, or a combination thereof. Only when principal is returned to the investor is it subject to capical gains tax. The Contract can be renewed, amended, or canceled at the investor's discretion. Any material contract management amendment, or renewal must be within IRS guidelines.

This strategy requires the use of an independent trustee. An investor will have the ability to help draft the investment policy statement in the Trust Installment Contract that will be used by the independent adviser used by the trust. But the investor will not be able to directly manage investments.

Another limitation is that the drafting of the trust is only available from a limited number of estate attorneys.

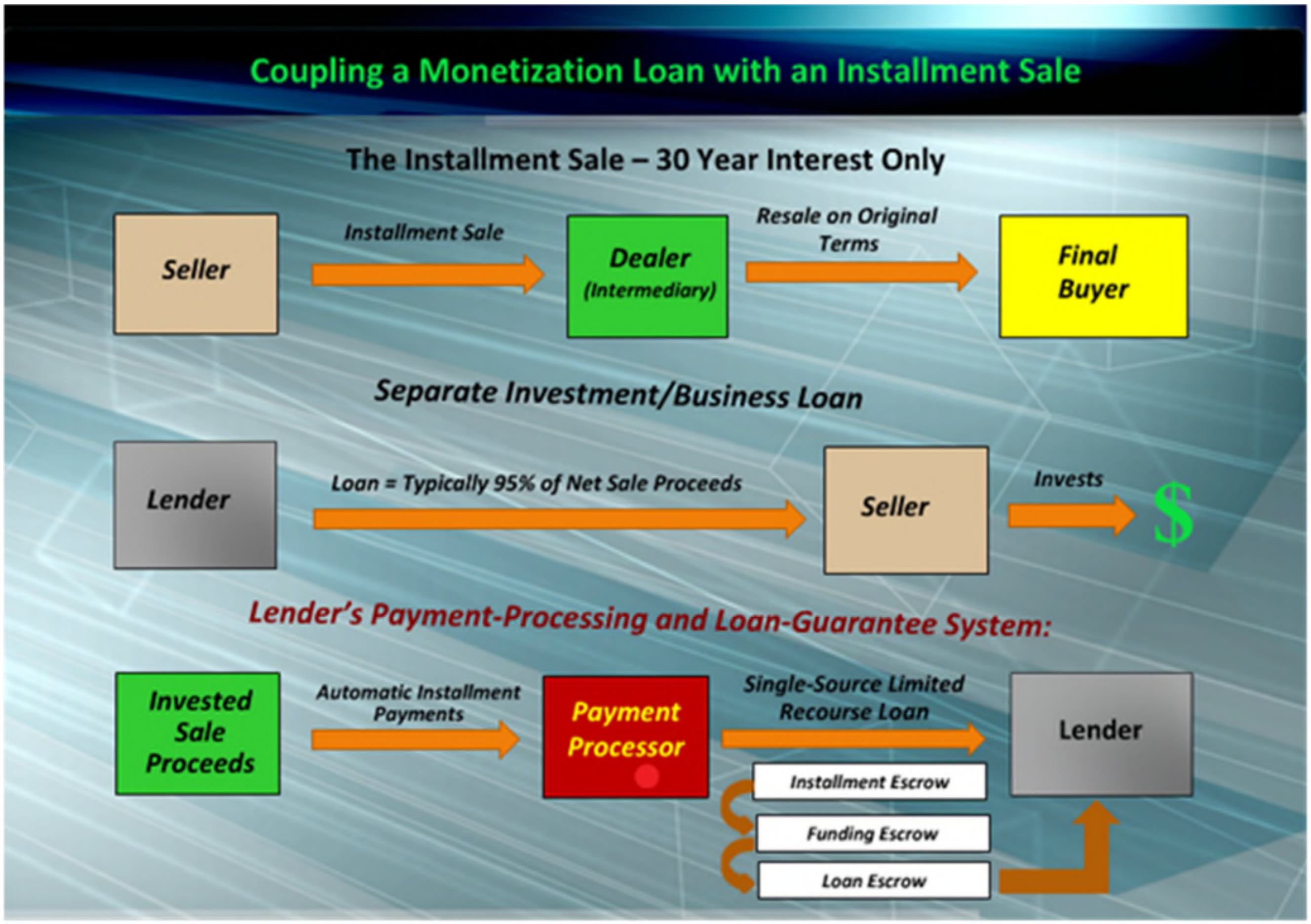
Cost to Establish: $15,000 to $20,000 to draft the trust

Ongoing Asset & Trust Services: 0.XX% to X% per year (1% is common)

Tax-Deferred Installment Sale with a Monetization Loan

The transaction is structured as a tax deferred installment sale which includes a non-recourse loan to monetize 93.5% to 95% of proceeds for immediate use for follow-on investments while deferring the bulk of federal and state taxes.

Specifically, the transaction is structured as an installment sale to an intermediary who, similar to a 1031 exchange accommodator, resold it to the original end-buyer on the original terms. The seller simultaneously obtains 93.5% to 95% of the sales price through a tax-free loan.



Process:

Owners of property or businesses may sell appreciated assets in a Monetized Installment Sale (M453$_{SM}$) transaction pursuant to Section 453 of the Internal Revenue Code, without the credit and collateral risk that typically accompany an installment sale. Specialized dealers in capital assets under Section 453 buy the asset from a seller on an interest-only, non-amortizing installment contract for as long as 30 years.

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Loan proceeds may be reinvested in any way that the seller may choose. And loan proceeds are not reported as income nor impact calculation of benefits such as Social Security or Medicare.

The specialized dealer resells the asset, usually immediately, to the ultimate buyer, usually for cash for the original terms.

A specialized lender is used to lend to sellers an amount of money that is comparable to your selling price which you may then use to invest as you please.

The specialized dealer makes installment payments to the seller through an independent loan servicing agent in an amount equal to fund payments on arranged loan, which will typically be limited-recourse.

Entering into the installment contract doesn't require you to accept the loan, and borrowing from the lender doesn't require you to enter into the installment contract—but if you do, the two work well together because the specialized dealer is, in effect, paying back the loan.

While a seller defers for as long as 30 years the payment of the tax on the sale, inflation during the contract term will act in the seller’s favor, to allow a seller to pay the tax in depreciated dollars.

Cost to Establish: $0 – There is no direct cost to establish this plan. Fees for the lender and dealer are covered by the discount applied to the loan (5% to 7%). Seller can manage investment of proceeds directly.

Other Benefits:
Installment sales, in general, offer other benefits including

- Reduced estate value which reduces potential estate tax liability because of marketability, interest rate, and illiquidity risks.
- No increase in Medicare insurance premiums based on Income-Related Monthly Adjustment Amount (IRMAA) formula which is impacted by capital gains income

Recommendation for Implementation:

A relatively conservative way to implement this plan and be prepared for the eventual tax liability upon the one and final installment in the future (assuming a 30-year installment contract) will be to periodically fund a series of Zero Coupon US Treasury and/or Municipal Bonds.

The projected tax liability is estimated at $XXX,XXX, net of tax to be paid on depreciation recapture in TY2020 (see initial money flow summary on page 1).

Assuming an average inflation rate of 3% (the historical norm from 1925 through 2018), then the future value (FV) of this tax liability is estimated at $X,XXX,XXX. Assuming the more recent inflation average of 2.2% (based on 1998 to 2018), then the FV of the tax liability is reduced to $X,XXX,XXX.

To potentially meet the projected tax liability (adjusted for inflation) of $X,XXX,XXX, then you should invest approximately $XXX,000 from the initial cash proceeds (about half of the current year projected tax liability) into high-quality, A-Rated Zero Coupon US Treasuries and Municipal Bonds. The former may be purchased directly from the US Treasury. The latter may be purchased through bond dealers or even mutual funds offered by firms such as ABC Fund.

Property Basis & Depreciation

Subject Property: 100 Main Street, Anytown, MA

Property Type: Commercial Building – Mill
Property Use: Commercial – Factory

NARRATIVE DESCRIPTION of PROPERTY

General Property Card Data

Current Property Assessment Data

Building Description Data

25% or $437,500

- Property Purchase History

Add $100,000 to Basis

- Subsequent Property Improvements Estimated at $XXX,XXX

Basis Share at $537,500

- Interest passed through Revocable Trust to Beneficiary

Basis Share at $537,500

- Interest Passed Through Revocable Trust to Beneficiary upon death

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Depreciation Assumption:

A.) Original Purchase Price:	$1,750,000
Land Value Portion of Price:	($875,000) – assuming 50%
Depreciation Period:	39 years
Depreciation Expense:	$22,436/year (full year)
Accumulated Depreciation:	**$763,755 (estimated through July 1, 2020)**
B.) Improvements:	$400,000 (estimated)
Depreciation Method:	39 years
Depreciation Expense:	$10,256/year (full year)
Accumulated Depreciation:	**$256,837 (estimated through July 1, 2020)**

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Cost Basis: $875,000.00, Life: 39 years,
Placed in Service: 6/1986
First Year: 6.5 months, Last Year: 5.5 months

Depreciation Schedule

Year	Book Value Period Start	Depreciation Expense	Accumulated Depreciation	Book Value Period End
1986	$875,000	$12,152.78	$12,153	$862,847
1987	$862,847	$22,435.90	$34,589	$840,411
1988	$840,411	$22,435.90	$57,025	$817,975
1989	$817,975	$22,435.90	$79,460	$795,540
1990	$795,540	$22,435.90	$101,896	$773,104
1991	$773,104	$22,435.90	$124,332	$750,668
1992	$750,668	$22,435.90	$146,768	$728,232
1993	$728,232	$22,435.90	$169,204	$705,796
1994	$705,796	$22,435.90	$191,640	$683,360
1995	$683,360	$22,435.90	$214,076	$660,924
1996	$660,924	$22,435.90	$236,512	$638,488
1997	$638,488	$22,435.90	$258,948	$616,052
1998	$616,052	$22,435.90	$281,384	$593,616
1999	$593,616	$22,435.90	$303,819	$571,181
2000	$571,181	$22,435.90	$326,255	$548,745
2001	$548,745	$22,435.90	$348,691	$526,309
2002	$526,309	$22,435.90	$371,127	$503,873
2003	$503,873	$22,435.90	$393,563	$481,437
2004	$481,437	$22,435.90	$415,999	$459,001
2005	$459,001	$22,435.90	$438,435	$436,565
2006	$436,565	$22,435.90	$460,871	$414,129
2007	$414,129	$22,435.90	$483,307	$391,693
2008	$391,693	$22,435.90	$505,743	$369,257
2009	$369,257	$22,435.90	$528,178	$346,822
2010	$346,822	$22,435.90	$550,614	$324,386
2011	$324,386	$22,435.90	$573,050	$301,950
2012	$301,950	$22,435.90	$595,486	$279,514
2013	$279,514	$22,435.90	$617,922	$257,078
2014	$257,078	$22,435.90	$640,358	$234,642
2015	$234,642	$22,435.90	$662,794	$212,206
2016	$212,206	$22,435.90	$685,230	$189,770
2017	$189,770	$22,435.90	$707,666	$167,334
2018	$167,334	$22,435.90	$730,101	$144,899
2019	$144,899	$22,435.90	$752,537	$122,463
2020	$122,463	$22,435.90	$774,973	$100,027

Depreciation Recapture Total (est.):
$1,020,592

Depreciation Recapture Allocated at 25%:
$255,148

Real Estate Depreciation

Cost Basis: $ 875,000.00
Recovery Period: 39
Years
Placed in Service:
Starting Month: June
Starting Year: 1986

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