Alpesh Parmar 0:00
Welcome to wealth matters podcast. How are you, Brett today?

Brett 0:04
A person better than I deserve? Thanks so much for having me on.

Alpesh Parmar 0:07
Absolutely. So Fred Swartz is the founder of capital gains tax solutions, and he's also the host of capital gains tax sol tions podcast. Each year he equips hundreds of business professionals with the deferred sales trust to to help their hi h net worth clients solve capital gains tax deferral limitations. He's passionate about educating people in capital gain tax deferral with deferred sales trust which DST which we'll be talking talking about on this podcast, and pretty mu h DST is used to how, you know, divest from a business or real estate and gain freedom from feeling hostage to a 10 1 exchange, and then invest back into a new business venture on investment real estate at any time. So, welcome, Br tt. Again. We'll be talking about DST but can you Tell us about yourself. How did you get into DST? And do you pe sonally invest in real estate?

Brett 1:06
Yes, thanks, again for having me on the show. And, and let's talk a little bit about my origin story. So I actually grew up in the Bay Area originally permission San Jose Fremont area, I heard about the sticks and bricks of real estate an how to how to really develop and own and cashflow and really just make wealth in real estate. So that's my beginni gs. And that moved to a passion of studying business in college. And from there, joining a company called Marcus a d Millichap where we sell Yeah, multifamily properties here in Northern California. And so I learned a lot there. An on about day three, we learned about the 1031 exchange about how to help people defer taxes when they sell invest ent property, but 2008 hit and when that hit, everything kind of changed really forever. I think for a lot of people esp cially are building wealth and buying real estate, be a little more cautious and as a part of that We saw a lot of peopl get hurt, you saw friends and family lose everything. Besides clients lose everything. We saw people who earned w alth for 20 or 30 years, and then overpay for properties, and then lose half or everything when the market crashed. A d so we sought out on a mission to really help find an alternative to attend 31 exchange so that our clients, our friend and family would not have to be faced with all of this debt and having to overpay for a property and what was consi ered before Oh, a crash, a highly appreciated seller's market. And so fast forward 10 years, I've been educating my cl ents, friends and family on this structure called a deferred sales trust, by the way, not to be confused with a Delawar statutory trust a lot of people same thing, not to both d s T's. So here we are.

Alpesh Parmar 2:51
That's also so what is a DST and why someone should use it?

Brett 2:57
Great question. So a deferred sales trust is simply an instant installment sale. And installment sales for your listeners may be known as a seller carry back. That's what it's most commonly known as it's based upon IRC 453, which is, w ich is the IRS tax code 453 goes back to the 1920s. Writing true tax code, and it would be such as Alpesh, you're sell ng a property, let's say a multifamily property for $5 million. And you were carrying paper. Well, if you carry paper, you become the lender.

Alpesh Parmar 3:28
You're a tax on the bank gift.

Brett 3:31
You're the bank. Right? So that's what it's based upon. As far as why someone would use it, we, you know, we're see ng just a huge, huge shift in demographics and wealth. And and I'll give you a few stats for your listeners. According to the American Bankers Association, there's about $17 trillion that will pass from one generation to the next in the ext 20 years. And this is known as the largest wealth transfer in the history of the planet that we write. In fact, there's about 10,000 baby boomers turning 65 every single day. And that's alone, and about seven, 7 million baby boomers i

the US alone. And what are they challenged with with a challenge with toilet trash liability, debt businesses that the 've worked on for 20 3040 years properties that they've sent Dave 1031 exchange for for decades and highly, highly ppreciated assets, right? But they want their time and energy to do you know, retirement, or to slow their pace of life A lot of them do, and they don't want to necessarily 1031 into another property. Right, but they got to sell they want to say, but they don't know how to get out without getting 30 to 50% of the game being wiped out. And that's what e're talking about here. Every single day. People play hundreds of thousands, if not millions of dollars on their high nd primary homes, their businesses or commercial real estate, when they don't have to they the deferred sales trust to get out of All of that out of all the debt and to diversify into multiple income stream assets, such as real estate, or sto ks, bonds and mutual funds, all tax deferred, and that's really the big secret here. Most folks know how to defer tax u ing some strategy, but they don't know how to do it to open up the whole options for real estate or stocks, bonds, mu ual funds, and then to do it at their own timing based upon their own needs.

Alpesh Parmar 5:29
Oh, you you brought up a good point on your own timing. So how do I sell high and wait on the sidelines and are by or valid real estate on my own timing, all tax deferred?

Brett 5:45
Excellent. Good question. Let me I'm gonna use two case studies. Okay. The deals are actually closed. Oh, really nic . 1000 of these yields now. Yeah, a couple thousand of these deals now and I found case studies to be the best way t really understand this. Yes. Over 24 years. track record 14 no change IRS audits. The biggest deal is 120 $5 million eal estate deal in San Diego. Okay. That being said, this recent deal just close just a few months ago. gentleman's na e is Peter. He's driving out of marine California and for your listeners who are not sure where that's at, it's north of S n Francisco. And they he's driving to Sacramento three days a week. And he's driving to a place in order known as S uth Sacramento. It's a tough neighborhood. And he's, you know, trying to collect rents, he's evicting tenants, he deali g with the toilets to trash the liability. He has 18 units. And he's tired of all of it. He's He's close to seven years old, a d he's going, I don't want to deal with this anymore. I don't need any more money. I've made plenty of money. But I on't I don't want to just be squander it by just selling it and a either overpaying for a property that I don't want to do r be paying all this tax. So he owed about $500,000 in capital gains tax and depreciation recapture if he were to sell s he sold his property for about $1.9 million. He owed about $500,000 in liability, and he had about $500,000 in debt. And so for him, he decided to use the deferred sales trust and get out of all of the debt, defer all of the taxes and put 00% into the trust. Okay. 1031 his biggest thing was, Brett, I want optimal timing. I don't want to overpay for a prop rty. I already went through this and oh, wait crap, right. And we're he had bought and sold via 1031 exchanges. And o he said, I didn't want to trade 18 problems for 36. More than that, I found a great deal. Like I'd probably figure out way to do it. I just can't make sense of these 4% 5% cap rates with these rents that have been so pushed so high. The e's not enough margin here and a lot of the value has been at it and it's so competitive. So because Brett if I could fin a deal great, but I haven't been able to find a deal. So I wasn't a seller until you brought me the deferred sales trust. e goes, I didn't No is available. But now I can sit on the sidelines. And that's the beauty of this. So now that all the fu ds go into the trust, he's sitting on the sidelines. And tomorrow, if he finds a deal, we haven't found one yet, or day 1 1, or a couple years from now, he can basically direct the funds up to 80% to a brand new LLC, which he's the mana ing member of, and when she goes and buys another piece of property, so it's as simple as that, you're going to do w at's called a JV partnership with the trust and the trust is going to be a silent partner on the side I see in Peters can o n real estate of his own, or he might put it with, you know, a patch on a deal or different property or different syndic tion deal. So it's really as simple as that. It's kind of like a self directed IRA. Kind of like a 1031 exchange. It's kind f like a mixture of a few things, but it gives you tons of options.

Alpesh Parmar 8:49
So I have some more questions of course. Let's say I have a property, you know, or my friend has a property and the e is a game Have a couple of million dollars and he decides to sell or are thinking about doing 1030. When when sho ld he reach out to you? Is it after selling or right before selling? Well what happens?

Brett 9:16
Great question. So we need to be early. So the answer is you want to engage and work with us before you sell the pr

perty. Okay, want to make sure you get everything in the row because the key is what's called actual receipt. So if yo close escrow on a property, and or buyer has removed all contingencies, okay, it's too late for us. Oh, because the g vernment's gonna say it's already came. There's one exception to that. If you do a 1031 exchange, you can you work ith a proper 1031 exchange company that lets you do both the deferred sales trust and the and the 1031 exchange, th n we can save a failed 1031 but let's just focus on the first one. selling a primary home we just did a deal in Cupertin $3.1 million primary home sale. We helped her to for $380,000. In capital gains tax, they didn't they didn't qualify f r a 1031. Right. So primary homes

exclude, either to the last five years you have 254, single

500. married, she sold her house for 3.1 million above and beyond her exclusion, she's still owed about $380,000 in apital gains tax. She lived there for lots of years, and it's just three miles from Apple. So for her, we had to set it up b fore close of escrow, right, because she has no 10th or an option. So we worked for about 30 days before escrow clo ed, and then the funds went in. So that's number one. Number two is a business sale, same thing, we need to have it efore the business closes. But even more so before the buyer removes all contingencies. Because if the buyer remove all contingencies, it's deemed as what's called constructive receipt, meaning there's nothing that's going to hold up t e sale from closing except from you. You collecting the cash and now therefore, it's it's basically as if you had it in y ur hand. So that being said, You can't So you connect with us, we'll give you the language to put in there and also he p, you know, educate whoever you need to educate, so that you have this option. But once you establish that languag inside the purchase and sale agreement, then yes, we'll do it at close of escrow. That's when everything will will tran act. And that's how we keep you safe and keep the money tax deferred.

Alpesh Parmar 11:20
That's, so I'm gonna throw a curveball at you. Let's say by remove the contingency and I find out about this TST Thi is amazing. And then as a salary, can I cancel the contract and then redo the same contract? Or can I ask the bond b yer?

Brett 11:43
Be careful there. Right. So so that's it's sort of like seller beware, right? Because that's where we don't want to get int any gray area where, where you're looking at tax avoidance, right. Are you looking at you know, this is tax deferral nd if you start doing things outside of Our framework or thousands of closes in the 14, no change IRS audits, then y u're looking at areas where, where if the IRS did not it, and they saw the evidence, they could say, well, that's exactl what you just did there. So we would not recommend that. And we would say, No, don't don't do that, you know, ju t pay the tax on that deal. On the next deal will help you out.

Alpesh Parmar 12:23
I see. Also, you just mentioned so this is similar to seller financing, but it's M is right monetized installment sale. So ost of the proceeds go into the trust, right.

Brett 12:37
So to clarify, so we're not the monetized installment sale. Okay, ties installment sale, is it but this is a good time to b ing it up because it does get confused with the two right? Yeah, they are. They are. They are sort of a competitor but hey're under IRS review. They're under a big court case. And there's lots of big question marks to remain, which lea s into but they are they are form an installment sale. That's that's what they're using IRC for 53 for deferred sales trus . So you want to ask really seven main questions when anyone's bringing you a brand new strategy such as the deferr d sales trust, such as the monetized installment sale, such as the charitable remainder trust and 31 change. The first o e is, what's the tax code? We're IRC? 453 How many have been closed? Right? So how many of you have the comp ny closed? Or the structure close the close? of those? How many have been audited? Right? And how many of those audits survived the IRS scrutiny? And how many of them how many how many of your actual clients were audited? kay, these are this is getting even more more granular. You want to make sure whoever is bringing you this structure and this advice has survived the scrutiny from the IRS. And with the with the deferred sales trust, it's been thousand of closes 24 year track record. 14 no change IRS audits, including to form audits, not one single issue, to monetize

hat we've heard what we've learned, it's been around maybe five to seven years. They may have I don't know, maybe a couple hundred closes. We know they're we don't know if they've ever survived an IRS audit, we don't know, espe ially for their actual clients for those who are who are educating people. And then also they're underneath right now think a lawsuit, you can go online, you can find you can find that. And so you don't want to go with something wher , again, it hasn't been tested, it hasn't succeeded. And in second, it's under an actual live lawsuit. Because if you do, y u're you're opening up opportunity for perhaps for that to fail. And if it fails, then you're going to owe all that tax. Th last one is you want audit defense, you want someone to protect you, right not to have it come out of your own pock t. So with the deferred sales trust, we provide audit defense, no additional charge to the client for lifetime audit defen e, including as part of a one time fee for the upfront costs or some ongoing costs to but essentially that's very import nt, right? Because you want someone who to protect you in case the IRS does come knocking on your door.

Alpesh Parmar 14:56
That's awesome. So let's go back. So As DST as soon as I sell the property, you have created a trust for me. And that trust would have 100% of the proceeds. And then you mentioned about 80%. So what does that mean? So 80% of th money is available to me next day or how does that work?

Brett 15:19
Right. So at any point,

by the way, you can cash out of everything and pay the tax, okay? So but I want to say 100% tax deferred, okay, if y u want to say 100% tax deferred, you can put 100% of the proceeds into the trust, but some people might need a littl bit of cash, I want a little bit of cash, that's fine. You know, 510 15, how many whatever amount you want or need, ou're gonna pay tax on that when you receive it. Okay, it's your structure, this 10 year notes, and every 10 years, you' e new for another 10 years or another 10 years and keep renewing, typically about 8% is the target interest rate after ees and that's about six and a half. But at the end of 10 years, we're hoping to net 8% minus all minus the fees. So th t being said, you're gonna pay ordinary income tax. As you receive, right, and the other amount, you're going to pay apital gains taxes as you receive those, that that portion there. So the funds are in the trust, and then you want to perh ps invest into investment real estate. So this is the 8020 part. Okay? So you say, well, Brad, I found a real estate deal You know, it took me seven months to find out it took me seven days to find doesn't really matter, but you find it, le 's just use an example of a $10 million sale 8,000,010 million is in the trust. $8 million is now available to be put int what's called internal alternative investments such as investment, real estate, such as a new business startup, compa y startup, developing real estate, but here's the key. It's all tax deferred, as long as you do it properly, what's properly by setting it up with a with us and a brand new LLC, you're the managing member of it, and then the funds with you authorization gets sold out. It looks at the stock bonds mutual funds over here. And they get moved to the new LLC ank account. And as long as that bank as long as that LLC is in business purpose and which is investment, real estate or a business venture, it's still tax deferred, right? The same way a 1031 works, the funds go to the company, right oves over to a new property, sometimes a brand new LLC, and then what what do you do? Well, you're owning and anaging that property, but it's business purpose, right? It's investment. If for some reason you put it into your primar home those funds that you put into like a, you know, traveling and cars and stuff, personal property, that's taxable. T at's not good. It has to be business purpose, and that's what we do. We're gonna coach you consult with trusted advis rs along the way to make sure you're staying within the guardrails to keep this structure going.

Alpesh Parmar 17:47
Got it? So let's, of course I invest in real estate, so I'm always I've been talking only about real estate. I'm glad that y u brought a business as well. You can sell business and maybe others see Miller investments. But in real estate wall l t's say I had a rental property 10 unit or whatnot you just give an example as well I sold it, I put it in DST and I foun another property real estate property, what happens to the depreciation in 1031 wall your new properties tab has the ame basis right. So, your depreciation which was carried over would still be carried over right but what happens in ST world do I get a brand new depreciation or do I have to declare the old depreciation as

Unknown Speaker 18:35
this is one of the best kept secrets you get a brand new depreciate rarely and this is this? Yeah, this goes back to the f

undation of the differences between IRC 453 and IRC 1031. So when attended to both tax deferral structures, okay, trategies, tax codes, one, the depreciation schedule travels, this other one doesn't travel you get a brand new deprecia ion schedule. So let's walk through an example for your for your listeners. Imagine you own a multifamily property f r 27 and a half years straight line depreciation, you're fully depreciate it. Let's imagine you're selling it for $10 millio . Well, if you do a 1031 exchange with that $10 million property, you buy things, you buy a $15 million, guess what, you only have five more million of depreciation to take 10 million is you can't take well with the deferred sales trust, you could buy that same $15 million property. And guess what, you get a brand new depreciation schedule, right? T at's very powerful, because now we can do what's called accelerated depreciation. And we can Yes, we can use that t offset the income drastically on not only the property itself, but also on the trust itself. We call this tax engineering. ercent legal. And the key is it's a different tax code has different rules. So that's one of the number one advantages fo this. The second one versus the 1031 has to do with what's called the sell high buy higher 100.

Alpesh Parmar 19:58
That's the biggest problem

Brett 20:01
Right, the biggest problem is you get stuck in this 45 day after sprint around, run around and find it. So our parents t ught us to sell high and buy low. They didn't teach us to sell high. Yeah 180 days later, and maybe take on even mor debt. No, no. Right now we think it's a great time to be on the sidelines. Hey, we're coming off two weeks, week an a half of the stock market really getting hurt by buyers right now depending on when you're listening today. It's

Alpesh Parmar 20:28
today it's down 2000 points.

Brett 20:32
Yeah, it's down. It's down that it's hammered. Right. So we like to say get out of debt. Right. Get diversified get liqu d right. There are safe things you can put it in. I'm real estate by heart and by. I'm biased. I love investment, Real Est te's my number one way to invest However, it's good to have diversification to a certain point. You want to get out o the debt. You want to be on the sidelines. You want to be liquid, you can be in very conservative stuff. And then yo can also again you can diversify within commercial real estate syndication. So you may not buy an $8 million prope ty by yourself. You may you may put a million into four eight different syndicators right operators and mobile home parks. Yeah, and your housing and multifamily and retail and industrial in different geographical location, right. So ll of a sudden the 1031 exchange if if by definition, it's not it's really not diversified because you're typically trading ne property for one other property within that hundred and 80 days and oftentimes the same product type and the sa e geographical location right because I sellers that's what they know. They

Alpesh Parmar 21:37
they know that only that area. Yeah. And I'm glad that you're here. Yeah, yeah. I'm glad that you brought that up. An And guys, Brad and I have not spoken about any of this. I just threw curveball at him asking about depreciation. Ri ht. So but what he mentioned and I'm surprised that he man I follow pretty much same standards of investing. I inve t same way I tried to diversify in different geographical locations as well as in different industries and what you men ioned mobile home park, self storage, apartment building, I invest myself I put it in different syndications with differ nt syndicators. So it gives me You know, a lot of leeway. Even if the market corrects, I know that some industry wo ld do better than the other during recession as well. And again, I'm not predicting any of that. But this is huge that I' able to get a new brand new depreciation and then comparing it to 1031, where I have to buy a property bigger and ith the higher price, right? So if I sell a $10 million property, I got to buy something, which is more than 10 million. ight. And then of course, talking about the diversification so this is amazing.

Brett 22:54
It really is. It's that amazingly say it's that good to be true. And we we sat in the office of Marcus Miller We learned bout it for the first time in about 2009. And we sat there going, how do we not know about this? Why isn't my CPA t ld me about it? You know, where's this been? And it's really been a journey of just getting educated. That's why I en

ourage your listeners to reach out to us. Bring in your trusted advisors. And once you understand it, and once you un erstand it, like the 1031, you probably know that really well if you're listening to this show, you're going to be empo ered by it. And it's really going to shift the opportunity for you to we call it the blue ocean versus the red ocean. The ed ocean is where all of the sharks are and all the sharks are just doing 1030 ones overpaying for program taking on ebt everyone's running around. Whereas the blue ocean you can use the deferred sales trust and you have a wide ope peaceful, diversified debt free. Anytime you can buy all tax deferred, which leads me into the next point here too. F r any of the ultra high net worth clients or individuals listening to this to this podcast. You're faced maybe with what' called the estate tax and this is the other day the 1031 exchange. Most people think the reason the 1031 is the is the nd all be all just because I can just keep 1031 and die, kids get a stepped up basis. Right? Just Just to exchange the di Baby, you know? And there's truth to that until if and if you're worth more than 11 million single or 22 million and arried, okay? Because all of a sudden you're in another bracket called the estate tax, not really a bracket, but you're s bject to another state called the state tax, which by the way, has nothing to do with the stepped up basis was walked t rough that was imagine Alpesh you're married and you're worth $52 million today. And imagine your estate passed t morrow and imagine all 52 million was inside the taxable estate. Okay, well, you get the stepped up basis. Your kids are really happy because they're not paying any capital gains tax. But the estate is still 52 million, it doesn't move it utside your taxable estate. So that first 22 million is exempt. That's great. But the next 30 million is subject to that 40 tax and this is brutal. That's true. $12 million on that 30 million. So the problem is too much inside a taxable estate, he intent is to get it outside the taxable estate. The challenge is, most people who are ultra high net worth have also d ne gifting and FLP done some stuff to help with that. But they can't get it out fast enough. They say I'm running out f gifting, I'm running out of my exemption per year, I still have all of these funds inside my taxable estate. The soluti n is a deferred sales trust in one single transaction because we are not a 1031 exchange. And because we're using thi third party business trust to do this transaction, we can not only let's imagine sell your $30 million apartment compl x tomorrow, but in that same day, move it all outside the taxable estate, which does what? It saves you $12 million o day one. So that's the part where the 1031 exchange we blow out of the water, it doesn't even come close right? The of course you add on the optimal timing when you add on a new depreciation schedule. And the last one will give y ur listeners here too, unless you have more questions. It has to do with what's called the net income tax savings. Oka ? So imagine you own that $10 million property and it's producing, you know, $500,000 of cash flow every year. Ag in, you're getting some depreciation but, but maybe you've ran out of depreciation, you're having to take that and pay the income tax, okay? Well, if you sell that $10 million property, move into the deferred sales trust, and you allow it, you can tell the trust, basically, I don't need or want those payments, right. Now, let's delay those payments for three, four or five years. And let's let that $500,000 just compound on top of the trust. Well, guess what? Alpesh you're not receiving that in a given year. Therefore, your tax bracket perhaps goes smaller, right? Right. Now you stop working your day job, right, or you stop working, whatever. And now your income goes here. Now over here, you start buildi g this start taking over here. So we call that the net income tax advantage, which the 1031 doesn't give you that optio to view.

Alpesh Parmar 26:55
That's amazing. So how do we know this is legal What kind of fees are there? Etc track record? Do we need to check all that? Yes,

Brett 27:08
most important question, right. How do we know what kind of goes back to that? That initial seven questions I ask a yone who brings you any tax deferral structure. The first thing is what's the IRS tax code? IRC? 453? What's that? S seller carry back. Okay, good. How long? Have you guys been doing it for 24 years? How many have closed thousa ds? The most important question, how many of those have survived the IRS audits? Okay, that's very, very importan . But I also want to also want to let your listeners know, you go to a general practitioner of let's say, for 20 years for our health care provider, and he's provided you blood work and you know, you you know, medicine for the common cold. He's provided general things, but there's times where you might need surgery. And this is one of those times w ere you might need an ACL surgery or you have a, you know, God forbid a tumor. We'd like to say it's kind of like t is capital gains tax of 30 to 50%. It's Like a brain tumor, and your general practitioner has never done it before, right They're gonna say, well, I've never heard of before. I'm not sure. I don't sure if you should get surgery, it sounds dan erous. Well, here's the questions you want to ask how many patients have died? Four hours zero. How many patients

have gone to jail? Zero. How many? How many of these not work zero all worked 100% of the time. We have also 1 no change IRS audits. And this is actually really remarkable. No change. So imagine Alpes you and I got audited to ay on just to our regular business or real estate. What are the odds that the IRS would say not one single issue that's

Alpesh Parmar 28:45
something of course that's their job.

Brett 28:49
Yes, their job to Porter Baraka and you spent all this money You said it was real estate, but really was it? Whatever r ght whatever it was. The for the DST it that's what it happened. It's batting 1000 meaning not one single issue with t e IRS, not one single change, okay, in the 24 years. And so what we like to say is, Hey, bring in your trusted advisor , we want their blessing, but realize had they known about it, they would have told you about it. And be also realize t ere's nothing as incentivized for them to say Yes, right. There's no upside for them. If they say yes to something they don't understand or fully know, or fully comfortable with. They don't get anything. I mean, the business goes over he e, right. And so, although we have thousands of business professionals, by the way, we have national law firms who' e said yes to this. We have thousands of financial advisors, and there are companies who allow their financial adviso s to say yes to it survives scrutiny from FINRA, right, but the biggest ones are the IRS audits that it survived with no changes whatsoever, including what's called formal audits. That's also a PLR private letter ruling. So it's 100% legal, it works every time but it is new and people are cautious about it. To the second question, how do you know the fun s are protected? Right? The funds only ever move with your signature. They're held at some of the largest banks in t e world, TD Ameritrade, Charles Schwab Bank of New York Mellon, they're held what's called a dock account, whi h stands for direct access control agreement, which is basically like an escrow for the funds. If funds don't move wit out your signature as the trustee, which is my role, I cannot move the funds, you know, it has to take your signature t move anywhere, it's all protected. It's all there. If you have your own financial advisors, they can join us and they ca manage the funds. The fees are a little bit higher when they do that, if you can't call it kind of going out of house wit new financial advisors, but to use our in house financial advisors to get a little bit of a break there, but it's your choi e, we want to customize it so you feel not only safe with the legal part, but safe with the actual practical moving of t e funds. And the last one is the audit defense. Okay, and the indentification. So the tax attorneys provide indemnifica ion for the clients as well as what's called a defense for the life Time of the trust, meaning they stay behind their wor . And in the end, collectively, we don't charge anything unless the client closes the deal. So you can we can talk with us connect with us, we'll educate, we'll get everything ready to go. If the deal doesn't close, you decide not to do it. o problem. There's no pressure there. We want to make sure everything's in line, but we only get paid if and when yo close, which also kind of speaks to who we are. A lot of tax attorneys also say, yeah, I'll push come talk to me only harge 500 bucks an hour. We don't do that. We don't do that. We think we stand behind what we have and how we d it. And we get paid only if and when the deal actually closes.

Alpesh Parmar 31:39
So what kind of fees are there?

Brett 31:42
Great question, right? We must charge millions, right?

So it depends on the size of the deal. But generally speaking, it's 3% to close the deal. Okay. 3%. One and a half of t at is to the tax attorney. Okay. And that's basically Upon the purchase price, the sales price of the asset, okay? So an thing it's so that's pretty straightforward that includes audit defense and the legal and tax structure. He covers, you k ow, talking with your CPA, to make sure everything is scheduled correctly talking with the brokers in escrow basica ly making a seamless transaction as possible and also follow up questions that come Okay, so you're gonna have that that's all included in that one time fee to them Now, second fee is to the to the trustee and financial advisor. And that s typically basically one and a half percent per year. Okay, just depending on where the funds are invested. So I like o say 3% to close because you're gonna pay all that. And then once a year thereafter, it's one and a half percent. One nd a half on the proceeds, though, okay, so not on the sales price on the proceeds. There's a 1500 dollar dock accoun fee. That's the bank account fee. There's about $1,000 tax return, which leads into the next question, well, what num er versus listing makes sense. We found that $500,000 or proceeds for every hundred thousand dollars of liability, th t's the minimum minimum. Okay. Okay, average deals about 2.6 million Wow, differing somewhere around four to 500,000 in tax. But if your deal and he has $25,000 in tax or 50 just just pay the tax. Yeah,

Alpesh Parmar 33:18
that's what I do

Brett 33:20
1000 proceeds? Yeah, it's just too small because our fees, our fees are gonna eat up the savings, right? So so we hav a DST calculator, so you can go to capital gains taxes, comm you can type you can go on that calculator or Alpesh. ou might, you might, if you join us, you might have that too. But the point is, we can get it all real clear up front, and then we can start to customize this wealth plan for you to figure out how this fits, you know what you're looking for, but the fees, obviously, the bigger the tax liability, the more the fees make sense. And yeah, hopefully that answers t e question.

Alpesh Parmar 33:53
No, that's great. And I will put the calculator link in the show notes as well. So but Did we forget to discuss anything else? I think this was pretty helpful.

Brett 34:05
Um, so we talked about the estate tax. We talked about optimal timing. We talked about the net income tax savings. mean, I would just just remind your listeners that what it what it works for so we're doing cryptocurrency deal right ow. Oh, okay. We're doing a racehorse deal right now. Of course you've done every business you can think of dentis s, veterinarians, optometrists, professional practices, tech companies, the self storage facilities, multifamily you nam , I mean, I'll say business we've done we've done just about everybody can think of Okay, so just think of it beyond r al estate or especially commercial real estate. So that's mostly where your listeners are at the primary home we did a 26 million sale for a Newport Beach property. Wow. A couple differ 6 million in capital gains tax. So those are reall powerful and then any anyone who's listening who happens to be a business professional themselves. So if you're if ou're a real estate broker listening, if you're a financial advisor, listening, business broker mergers and acquisition att rney, we want to partner with you. And we want to equip you with this strategy and help you grow your business. B cause let's face it, automation, and technology is challenging the value proposition of every single business professio al there out there. Right? The red fins, the zelos, name it, there's challenging, it's in there, the fees are getting squeez d. I'm a commercial real estate broker myself to still. And I've seen it and I'm seeing it right, it's happening. So how re you adding value beyond just what everyone else is talking about? And this is where when you come in to the clo ing table, or for a listing for an opportunity, and you can say, Hey, I'm going to save you 30 to 50% that represents le 's say $3 million in a given case, that is tremendous value, which nothing else can do. You can get on the front page f Google, you can do all the social media, all the fancy drone shots, but at the end of the day, the client wants to kno what is your fee,

Alpesh Parmar 35:56
right? What is

Brett 35:58
that proceeds and it Someone can save me millions of dollars so that's the first one your business professional go to apital gains tax solutions connect with us sign up with us and get get this opportunity to help more people out and th other will be for just the just the the the actual client just be proactive be early to this process. The worst thing you c n do is not take action right now and not equip yourself with this and then you're all of a sudden 30 days to close you re like oh or 10 days to close you Oh, I remember I can do this. Yeah, no, you're gonna miss out Now get your tax d ferred plan in place now. And then when you go to sell your mind is completely clear of you already know where th money is gonna go. You already have that in place. Right now you can focus on the negotiations, you can focus on aking sure you're getting the highest and best price for your property or business and don't but when you combine th two it becomes it becomes very stressful because most people are not selling businesses or real estate every day. Ri

ht? is the largest transaction you may ever do for yourself. And so you owe it to yourself to be early in the process w th this, but even if it's a year or two, you're out that you're looking to sell, establish that plan, and then establish the s cond one. Okay? And then the last thing I'll leave the listeners is this part of our heart is not only helping you create nd preserve more wealth, but it's actually unlocked unlocking capital. So you can give more to charities of your choi e. Okay? And yes, awesome. It's completely optional, right? It's not by force, a charitable remainder is 100% has to o away. But we want to be able to unlock capital for people so they can escape feeling hostage to the 1031 exchange or any other tax deferral strategy, so they can pour into people who needed the most. And that's the type of legacy th t we're gonna help you help you leave when you use this structure.

Alpesh Parmar 37:52
That's awesome. Thank you so much bread. How can my listeners reach out to you?

Brett 37:58
Yes, so have a YouTube channel. I have our website and have LinkedIn. But you can just search capital gains tax sol tions.com, or just type the capital gains tax solutions on all of those. And then our podcast is also releasing here soon We already have 25 episodes recorded. And so we would love for you to also subscribe to that and start to get educa ed on the structure, any of those media's and then you can also schedule all for your listeners, especially you can sch dule a one on 115 minute initial consultation call. And, and and just, you know, just make introductions and to get to get this going if it's something you're really interested in.

Alpesh Parmar 38:36
Thanks again, Brett. I had fun and I learned a lot today.

Brett 38:43
Thank you. My pleasure. And I look forward to help anyone who's listening to this and thanks so much for having m on the show. So locally, take care

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