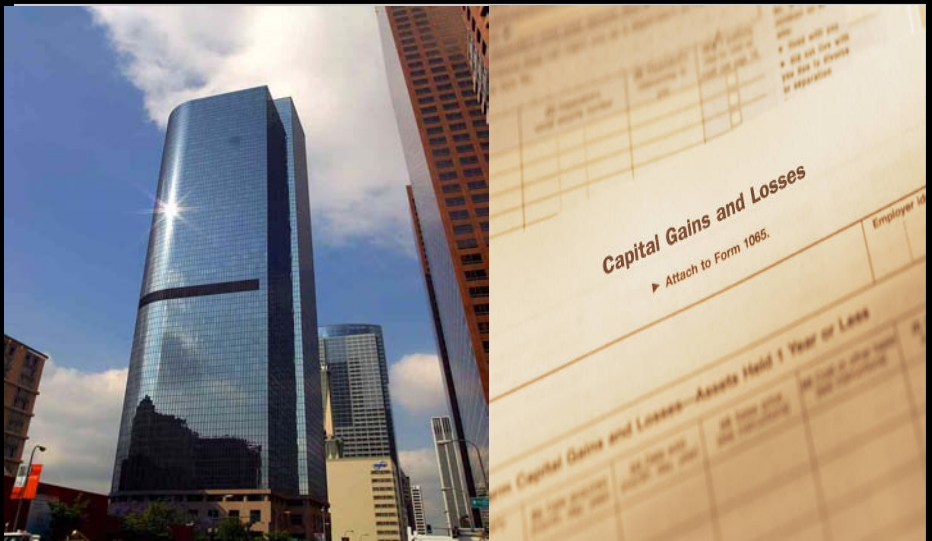


AVOID CAPITAL GAINS TAX BEFORE YOU SELL



A Tax Strategy Guide For Seller's Of Real Estate



Worried About How Much Capital Gains Tax Your Going To Have To Pay When You Sell Your Highly Appreciated Property?



Now You Can Defer Capital Gains On Highly Appreciated Property & Business's Without Interest Or Penalty!

**Avoid Capital Gains Tax Before you Sell
(A Tax Guide For Real Estate Investors)
By**

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Sterling Financial**

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“You’ll Benefit Yourself, But Not BY Your Self”



Congratulations On Your Decision To Turn Your Financial Life Around!

This Book has been written in a simple but yet concise format that will help you understand how the Self Directed Installment Sale Works. Whether you are new to real estate or a seasoned investor, when you finish reading this book you will know how to transform your current financial situation into an explosive powerhouse of knowledge. When you are finished reading this book, pass it on to a friend to help them achieve their financial goals.

You Will Learn How To:

- ◆ Use An Installment Sale to Postpone Your Tax Liability & Provide a Lifetime Income Stream For Both You & Your Spouse.
- ◆ Bullet Proof Your Estate With a Self Directed Installment Sale
- ◆ Not Get Scared If Your 1031 Doesn't Fund In Time. We're Here To Rescue
- ◆ Get The Personal & Financial Freedom That You Deserve & Receive Your Cash Price Up Front!
- ◆ Discover The Easiest, Most Hassle-Free Way To Save On Capital Gains Taxes.
- ◆ Never Have To Worry About Taking Back Your Property in a Foreclosure

Introduction

Dear friend, 20 years ago, I sold my first property with a huge capital gain, I paid the capital gains tax in one lump sum and never looked back, until now. If I only knew 20 years ago what you are about to learn today, my real estate portfolio would have easily doubled over what it is worth today!

You have a very distinct advantage over me... You can avoid the mistakes that I have made by following the advice in this book AFTER you have consulted with your tax advisor.

You see, when I first discovered this strategy I knew from the beginning that it would save me a lot of money . But hey, don't take my word for it .., read some of the testimonials from some of my clients in the following pages !

My pledge to you is that after you have finished reading this book, you will have the knowledge to keep more of what you've earned, and pay less to Uncle Sam, I am not talking about a one time win here.

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Introduction

I am talking about postponing the inevitable capital gains tax for up to 5, 10 even as long as 20 years while you are reinvesting the proceeds and compounding your returns using Uncle Sam's money. Now that's what I call independence.

I am talking about creating the income that you have always dreamed of over and over again, for the rest of your life in a little known well established REAL ESTATE niche called the Self Directed Installment Plan and...while creating the income you desire and provide a life estate for your loved ones. Think about it , now you can sit back with no management worries, no buying, no selling, and no investing in any more property, UNLESSyou still want to. Your choice, have your cake and eat it too!.

- ◆ ***You don't need any real estate experience or knowledge***
- ◆ ***You don't need any sales or business experience***
- ◆ ***You never have to worry about real estate prices plummeting***
- ◆ ***You never have to worry about your tenants walking out on you or destroying your property***

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I have spent decades researching these tax strategies so that you can pay less capital gains tax .

Follow these 2 easy steps:

1. List your property (preferably with a real estate agent)



2. Have your tax advisor contact us and or visit our website to research our tax reduction strategies. WARNING: Do NOT attempt to explain these strategies to your tax consultant. Most CPA's and tax attorneys have studied these strategies and are familiar with them. Many of our clients after they have read this book immediately schedule a conference call between their tax professional and our corporate tax attorney's. We welcome these calls after all it's your money and it's our goal for you to keep more of it.

“Using sound financial principles, Allan has reduced our taxes by \$250,000.00. His ideas have kept our money in our pockets instead of the governments hands. He is our secret weapon”, Helping us guide and safeguard our wealth. We strongly recommend that you work with Allan at your earliest convenience to see how a personal estate plan could be tailored to your unique situation. It will be time well invested!”
W. Houghkirk,, Tampa Florida



These successes are some of Allan's clients. You can save more or less in taxes dependent upon your individual situation.

Unless preventative steps have been taken you know that with capital gains taxes, depreciation recapture, state taxes, estate taxes and loss of deductions can threaten to take up to 75% of your gains when you sell a highly appreciated property?

Real estate owners are now routinely faced with huge capital gains of \$1 million, \$5 million or more, resulting in tax bills in the hundreds of thousands, and even millions of dollars!

Say Hello To Your New Income Stream

Most people who start liquidating their real estate portfolio for retirement pre-program their minds to say” well, if I sell my 2 million dollar property and have \$ 700,000.00 in capital gains, I will just send a check to the *IRS* for \$150,000 or more and live off the rest”.

Take Control Of Your Earning Potential

Think about it, If you could reinvest the payment your thinking about sending to Uncle Sam of say \$150,000.00 or more over a 5,10 or 20 year period how much more earning power would you have compared to if you were to pay the capital gains tax all up front.



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Do Exactly What You Want

The “Self Directed” part of the “Self Directed Installment Sale” allows you the freedom to choose when and what time period that you would like to start receiving payments. From these payments your capital gains tax is owed...not the full amount.

Take Control Of Your Earning Potential

The more capital gains tax you save, the more money over time you can earn. It's that simple!

You Don't Need Smarts, Or Talent To Save Hundred's Of Thousands Or Millions Of Dollars With The Self Directed Installment Sale.

You don't need an MBA or college degree to understand how this *IRS* accepted strategy works. I grew up in a small town on the outskirts of Philadelphia where my father owned a small grocery store and worked 18 to 20 hours a day while my mother raised us kids and saved up enough money to invest in our first home. Little did they know that the Self Directed Installment Sale was around way back then.

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But, times were different then because real estate prices did not soar as much and as quickly as they have in the past 10-15 years. But guess what ...he sure is thankful for this strategy today

It's virtually an effortless 7 step system that will save you hundred's of thousands even millions of dollars that you and your family can benefit from and no one else. It has been tried, tested and proven for decades, and best of all, the *IRS* endorses this strategy! Yes, they accept it with open arms. This is why I have mentioned earlier that it is important that you either give this book to your tax advisor to read and research the *IRS* code that corresponds to the Self Directed Installment Sale or direct him to my website at: nafep.com/allan.

Now I am going to show you how the Self Directed Installment Sale works and how you can reap many years of tax savings that will turn into huge profits for you.

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It's A Well Established But Little Known Real Estate Tax Niche Called The "Self Directed Installment Sale".

Some of you reading this book have been or are currently familiar with an installment sale. While on the surface a regular installment sale may look similar to a Self Directed Installment Sale, there are some very distinct differences and benefits that the Self Directed Installment Sale has over regular installment Plan.

A Self Directed Installment Sale is an *IRS* accepted strategy that combines several sections in the tax code, which allows the seller of a property to defer capital gain taxes due at the time of sale over a period of time, even beyond your lifetime to continue with their spouse.

The regular installment sale has a couple drawbacks:

1. You may have to take your property back if the person you have sold it to defaults. Then the property may be abused and you may have to sink more money into it to get it back to the same shape as when you sold it.
2. You get your money paid to you from the buyer over time, not all of it at once like a Self Directed Installment Sale.

You are probably thinking that's not so bad, I will just sell it again.

Right now you may think that this is a great idea, but what happens if ten years from now, you have to take the property back and your health fails and your children don't want to get involved in the restoration process?

These are legitimate circumstances that I have personally seen. Good properties come back to the market in distressed situations because the owner and/or his spouse's health has failed and they are forced to sell their property at a loss because they don't have the financial resources or the time to put back into the property to get it back on the market in the same condition as it was when they first sold it.

The Big Money Is Made By Those Who Handle The Money

This is why the Self Directed Installment Sale is so important because the process starts with a property owner who wants to sell his property to a qualified buyer. The buyer/seller transaction is the same as a normal installment sale transaction except for few major differences. One being that the seller gets all his money upfront and doesn't have to wait for it over a period of time.



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Then an agreement between the parties is set up called an installment contract. The contract will spell out the terms when and which tax payments (installments) are made to Uncle Sam. Only that portion of capital gains is due in proportion to the number of years established in the term of the installment agreement.

All You Need Is The Desire To Save Money On Your Tax Return!

I will show you the rest with our easy seven step approach that our corporate tax attorneys will implement to customize your estate plan for you. These easy steps will give anyone who has a highly appreciated property the potential of saving hundred of thousands or millions of dollars!

We Start Out By:

1. Creating an LLC for you which you may select a trusted party to act as a 1% general partner
2. Transfer title before the property is sold to the LLC for a 99% membership to you .
3. Appoint an investment manager who secures an outside buyer for the property (most of our clients work with a real estate agent to help them to secure the buyer).

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4. Selling the property so you can receive the monies less realtor fees, closing cost etc., from the buyer.
5. Investing the monies from the LLC.
6. Appointing a manager to form a trust for a 51% partner. The trust enters into an installment sale, with you, for the membership units.
7. The trust then becomes a 99% partner, and receives the proceeds from the sale of your property. The trust will then pay you installment payments for the rest of your life and the remainder to your estate

“Real estate investors and business owners are now motivated to sell their highly appreciated assets with a Self Directed Installment Sale or section 453 of the internal revenue code. “

Allan Roth



of

The Self Directed Installment Sale allows the business owner and/or real estate investor to enjoy the deferral of capital gains and depreciation on highly appreciated real estate without the worries of paying huge capital gains tax in one lump sum

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Why Self Direction?

A typical Installment Sale places risk on you in the form of buyer default, property deterioration or devaluation. A Self Directed Installment Sale enables you to eliminate these risks and places you in control over the transaction and payments. This enables you to receive the benefits of capital gains and depreciation deferral while also eliminating the risks from the buyer

Who Can Benefit From A Self Directed Installment Sale?

- ◆ Property owners that do not qualify for 1031 exchanges
- ◆ Anyone with highly appreciated property that wants to cash out or exit the real estate market to plan for retirement.
- ◆ As part of a 1031 exchange property/business transaction, a client who has found a suitable property to exchange but is having problems finding a suitable business to 1031 into.
- ◆ Investors who want to “Bullet Proof” their Estate Against Creditors

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- ◆ Real Estate Investors who want to “trade down” or 1031 exchange a portion of their highly appreciated property but as an alternative to paying capital gains tax, defer the remaining proceeds with a Self Directed Installment Sale.

Avoid The #1 Money Mistake That Could Wipe Out Your Future!

More and more people are concerned about out-living their money. It's accepted and many people think it. All your friends and family probably think about this too. In fact just about every financial advisor in America will bring this to your attention. Regardless of whether you have more money than you know what to do with, the Self Directed Installment Sale will help you to live a more comfortable lifestyle in your golden years and provide a larger inheritance for your beneficiaries.

That Brings Us To The Point Of This Entire Booklet-And The Secret To One Of The Great- est All Time Tax Strategies On Earth.

Just think, you now have in your arsenal of weapons a truly beneficial *IRS* accepted tax strategy that works and works big.

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At your demise if you own property that is highly appreciated your beneficiaries could owe 50% or more in taxes federal, state and estate) All taxes are owed in one lump sum providing less inheritance to the beneficiaries.

How Much Capital Gains Tax Can The Self Directed Installment Sale Save Me?

Let's say for example you have a \$2 million dollar decedents estate. It is sheltered from estate tax (\$4 million for a couple if titled correctly) Any amount over this is subject to estate tax (other wise known as death tax). If a married couple had \$10 million in assets in a marital deduction bypass trust, \$4 million would be exempt from estate taxes, leaving the remaining \$6 million subject to a tax of up to 50% of the taxable estate. Most states tack another 5-10% tax on top of that! Their beneficiaries would owe \$3.5 million in tax if we included state tax as well. Most investors who are in the accumulation cycle of their life (where the investors goal is to as quickly as possible build a nest egg for retirement) also benefit from a Self Directed Installment Sale .

We go one step further than that of our competition. We utilize a special Limited Liability Company to create a shield of protection against creditors.

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In today's economy this is a huge benefit, especially to those investors that do not want to have to worry about any outside interference with their retirement funds.

Now Let Me Ask You One Question:

What Options Are Available To Reduce Your Tax Bite?

- ◆ The seller could act as a bank and take payments instead of cash up front with a traditional installment note.

It's a common and brilliant solution and it's done in in real estate all the time , but does not have the benefits that a Self Directed Installment Plan has.!

- ◆ The seller can do a 1031 Exchange. Where he or she purchases another equal or higher priced property.

Another brilliant idea that is IRS accepted but does not offer the same benefits as the Self Directed Installment Sale.

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- ◆ The seller can do a Tenant In Common transfer.

While this strategy still places risk upon the seller. He still has not accomplished the benefits of a Self Directed Installment Sale.

- ◆ Sell outright & pay the tax.

While this may be the easy way out . Wisdom is gained from experience and change which ultimately leads to making better financial decisions.

So if you are in the process of liquidating your real estate portfolio and getting ready for retirement, while the above strategies may look appealing on the surface they will not accomplish what the Self Directed Installment Sale will do. While the Self Directed Installment Sale may not be for everyone, it has it's purpose for those investors who want to exit or start scaling down their investment properties to prepare for retirement and lessen the burden of estate and gift tax to their beneficiaries. The above strategies are great for investors who are in the accumulation stage of their lives.

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But if you are wanting to transition into the retirement or distribution phase of your life, then your thinking process must change. The Self Directed Installment Sale allows the business owner and/or real estate investor to enjoy the deferral of capital gains and depreciation on his/hers highly appreciated real estate without the worries of paying huge capital gains tax in one lump sum. It also does not force the seller to purchase another property in a specified time period like a 1031 exchange and takes the market risk out of investing in "TIC" or tenant in common.



It's Time To Took Control Of Your Finances

Now could never be a better time to establish a Self Directed Installment Sale. Keep in mind that the seller must title the property in the LLC **BEFORE** the funds from the sale are placed in escrow. Installment Sales can take up to 6 weeks or longer to establish dependent upon the complexity of the case .



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Depreciation Recapture Analysis

Most investors have not characterized all their assets on the correct depreciation schedule. We may be able to save you a lot of money by accelerating depreciation that you could have been taking if the asset was incorrectly characterized on the wrong schedule.

The Prudent Investor Never Overlooks Ways To Save Money

We provide a very reliable assessment of how much depreciation recapture we can save you. An initial rough cut assessment is done without any fees to the property owner to make sure that there are hidden savings that can be characterized on a corrected depreciation schedule. After the final analysis a completed schedule will be sent to your CPA for final review. If we find that after our initial analysis we can save you upwards of \$25,000.00 or more in fees will range accordingly. An example would be if you had a 1 million dollar capital gain, normally you would expect to see about a \$25,000.00 savings. (This savings will come right off your current tax year bill.) The cost on average may be in the area of \$12,000.00 conservatively) Many of our clients should expect more.

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My 1031 Exchange Did Not Fund In Time With A like Or Similar Property.

For those of you that are familiar with 1031 Exchanges, timing can be one of your worst nightmares. The trick is proper planning. Investors should not wait to until the last minute to find a property to 1031 exchange into. Nine out of ten times you will not have a property with an internal rate of return within your expectations. So what we have developed for those investors that can not find a suitable property to exchange within 180 days is:

Our 1031 Rescue Strategy: Seven Easy Steps To Avoiding A Capital Gains Tax Nightmare!

- 1. Establish a relationship With a “QI” or Qualified Intermediary.**
- 2. A Provision is made to transfer property to be sold into an LLC (converted into units.).**
- 3. The realtor continues to facilitate the relationship between the buyer and seller as the QI sells the property in a trust.**
- 4. The QI holds the note until the 1031 is completed**

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- 5. If the 1031 Exchange is successful then the trust is paid off by the QI**
- 6. If the 1031 Exchange is not successful the QI initiates the Self Directed Installment Sale**

Result: No penalty or immediate capital gains liability.

Why Hasn't My Stock Broker Or Financial Advisor Told Me About The Self Directed Installment Sale?

This strategy has been *IRS* accepted since 1957. Yes that's right! Most financial advisors will not recommend this strategy to their clients because they believe that it is outdated and doesn't work. Why? Because they have never seen it work. They believe the formula "work hard & save for later. The problem with this approach is that there is never a later if you don't know what to implement as change now. They keep making money as long as you keep doing the same thing over and over again.

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A Self Directed Installment Sale may be your solution to no longer wanting to be in the accumulation phase of purchasing new properties as well as having to manage the every day hassles of tenants.

Your Goals Are Simple:

- ◆ Exit The Real Estate Market
- ◆ Create A Steady Stream Of Income
- ◆ Defer Capital Gains .
- ◆ Avoid Gift & Estate Tax
- ◆ Protection Against Creditors
- ◆ Provide For Your Beneficiaries

We're Successful Helping Others Succeed

Whether you are selling a small duplex, restaurant chain or hotel there are no maximums to the size or value of the transaction.

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A Self Directed Installment Sale can also be used with most entities, e.g., LLC, S or C election corporations, as well as individuals who own real estate, rental properties, vacation homes, commercial properties, hotels, industrial complexes, retail developments, etc..

You see, when you create a *Self Directed Installment Sale*, it's nothing like ordering a book or a do it yourself tape course that you try to figure it out on your own. You have my great support staff of corporate tax attorneys that will be there for any questions that you or your accountant may have during the process of setting up the Self Directed Installment Sale.

Your not just buying a cookie cutter service-you are investing in a support team that will be there every step of the way to complete your estate planning goals. Our staff of qualified attorney's do more estate plans in one year than most attorneys do in a lifetime!



Dear Allan,

"I must tell you I always leave your office feeling relaxed & comfortable since you make sure I understand the information that you are giving. Only one regret is that we did not start our association with you years ago."

V Dittmer, Seminole, FL

These success's are some of Allan's clients. You can save more or less in taxes dependent upon your individual situation.

It's Time For You To Be The Winner!

You see when you take the next step by contacting your CPA and arranging for a conference call with our corporate attorneys and/or myself, you have virtually completed 80% of the task work needed in order to prepare and accomplish your estate planning goals.

“A Self Directed Installment Sale Can Be A Wonderful Tool To Protect Your Estate From Creditors & Defer Capital Gains Tax”

Allan Roth

TAX PREPARATION & TAX PLANNING SERVICE LLC

“Allan’s expertise has helped me and my clients to round out our estate plan. I did not know how to go about accomplishing this before I met Allan. He showed me the best way to manage my money so as to secure a solid financial future. His recommendations are very logical and easy to implement “

*E. McKeithen, Clearwater Florida
President/Tax Preparation & Planning*

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3 Easy Steps To Get Started Now:

First Step:

Call your realtor (and or your CPA) if you do not have a realtor) and have them set up a conference call with me so that we can set the parameters of what we will need to accomplish to meet your estate planning needs & tax goals.

Second Step:

We will fill out the necessary paperwork and you will receive the final draft in order to iron out all the details of exactly what type of property that you will be selling, we will do a depreciation recapture and capital gains tax analysis for you. While this may seem confusing to you now, it will be a blessing in disguise when we have completed your estate plan.

Third Step:

Your authorization is then needed for us to continue the process of creating a Self Directed Installment Sale Or 1031 Exchange strategy *BEFORE* your property is sold.

A Few Last Words:

Some of our newer clients feel that because their property is not selling as fast as they would like it to, that they have time to wait to start the estate planning process. Negotiating with a buyer can be an overwhelming task. This is why it is important to stay focused and on track. While we are prepared to complete every task to your satisfaction, we recommend that you contact us at 1-800-275-5755 for a free tax savings analysis *BEFORE* you start negotiating with your buyer.

Estate Planning Programs Offered:

- **Wills, Trusts**
- **1031 Exchange**
- **1031 Rescue Strategy**
- **Charitable Foundations**
- **Life Insurance Trusts**
- **Children's Gift Trust**
- **Family Limited Partnerships**
- **Generation Skipping Trusts**
- **Self Directed Real Estate IRA's**
- **Self Directed 401K Plans**

Notes

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About The Author

Allan Roth holds several licenses:

- ◆ *Certified Estate Advisor*
- ◆ *Mortgage Broker*
- ◆ *Registered Investment Advisor*
- ◆ *Independent Registered Representative with Regal Securities.*



He has authored several books and continued education programs on the subject of finance, insurance and real estate.

He is licensed as an instructor with the Florida Department Of Business and Profession Regulation and the Society Of American College Board Of Financial Planners .



His lectures have helped 1000's of investors and professionals all across America reach their estate and retirement planning goals.

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