

# CAPITAL GAINS ANALYSIS ON SALE OF HOME

## SALES NUMBERS + TAX REPORTING

Cost Basis	3/15/1964		\$27,000	
Adjusted Cost Basis - <b>INCREASE</b>			\$100,000	↔ <b>CAP IMPRVMT</b>
Adjusted Cost Basis - <b>DECREASE</b>			\$0	↔ <b>DEPRECIATION</b>
<b>EST'D ADJUSTED COST BASIS</b>		▶	<b>\$127,000</b>	- Adj'd Cost Basis
Existing Mortgage Debt		▶	\$0	<b>Debt</b>
RPA Sales Price		▶ ▶	\$1,600,000	Sales Price
Est'd Escrow/Title; Listing/ESQ Fees		▶ ▶	(\$112,000)	<b>ALL Closing Costs</b>
<b>NET Sale Proceeds BEFORE Taxes</b>		▶	\$1,488,000	Before Taxes
<b>EST'D REPORTABLE CAPITAL GAIN</b>		▶	<b>\$1,361,000</b>	<b>TAXABLE CAP GAIN</b>
Tax Filing <b>SINGLE</b>	\$250,000			
Tax Filing <b>MARRIED</b>	\$500,000			
			(\$500,000)	<b>121 EXEMPTION</b>
<b>EST'D CAPITAL GAIN subject to tax</b>		▶	<b>\$861,000</b>	<b>TAXED PORTION</b>
9.3%	1-12.3%	<b>1</b>	\$80,073	TAX - CA
15.0%	0%-15%-20%	<b>1</b>	\$129,150	TAX - FED
3.8%	MEDICARE SURTAX	<b>0</b>	\$0	MED PORTION
<b>Total Estimated FTB + IRS Tax</b>	<b>24.3%</b>		\$209,223	<b>TOTAL TAX ON CG</b>
<b>Est'd Distribution After Tax</b>		▶	<b>\$1,278,777</b>	<b>AFTER TAXES</b>

# TAX ESTATE PLANNING

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## WHAT ARE YOUR RESIDENTIAL CONCERNS & TAX ESTATE PLANNING SITUATION?

### DO THESE CIRCUMSTANCES FIT YOUR CURRENT STATUS

Aged 55+ ▪ 20+ Year Ownership ▪ Equity Exceeds \$250/500K §121 Exemption ▪ Residence ▪ Open to Conversation

#### CASH FLOW

Maintaining a steady, **predicable cash flow** is important to many. If the lion share of your NET worth is tied up in house equity, selling to access cash flow may be needed.

#### “RIGHT” SIZE

Often homes **owned for 20+ years** no longer match needs & maintenance costs justify right-sizing. Have you **outgrown** the need for & cost of this home?

#### ESTATE PLANNING

For the benefit of maintaining **positive cash flow through retirement** & providing a financial legacy for others, selling may be wise.

#### MOVING

Deciding to move, for whatever reasons, requires serious attention pivoting on timing, **home’s FMV, tax on cap gains**, and more.

#### CAPITAL GAINS

Many homeowners are unaware of the several ways to contend with **capital gains tax exposure**. This is where we assist.

### WHAT ARE YOUR OPTIONS?

1

#### DEATH

Beneficiaries receive stepped up basis – FMV of Residence at Date of Death

There is no property sale & no access to built up equity except, perhaps, from a reverse mortgage but refinances in retirement years can be very difficult.

2

#### COST BASIS

Whatever you paid for the property becomes the # from which CG calc starts

Homeowner reports and fully pays the CAP GAIN TAX **in the year of sale** – the amount of combined State & Federal tax depends on your tax bracket but could amount to as much as ~37% of the taxable portion after applicable exemptions.

\* Subject to Calculation \*

3

#### COST+ BASIS

The original cost of the property **PLUS** capital improvements

4

#### DEFER - ELIMINATE

We customize Tax Estate Plans that DEFER or ELIMINATE Tax on Capital Gains

There are numerous ways to **reach your goal by several available customized tax estate plans**.

In order to know which plan is best for any particular homeowner, **we scrutinize key financial data (i.e., personal financial statement, tax returns, existing estate planning)**.

Taken together, these documents provide a based from which a customized tax estate plan can be crafted that meets a homeowner’s retirement needs and objectives.