



Shielding Clients from a \$35 Million Tax Bill

Background:

Five brothers inherited a portfolio of apartment buildings in the Northeast and wanted to tap into the equity of the properties.

The Challenge:

The buildings were tangled in various corporate structures—C-Corps, S-Corps and an LLC. The brothers could not unwind them and unlock equity without facing a significant tax bill.

The Solution:

Rochester, NY-based UWP advisor Rick Dougherty used a sophisticated strategy to enact a 1031 exchange, which defers tax liability. Rick has successfully used 1031 exchanges many times over more than a decade.

The Results:

The five siblings were able to cash out 85 percent of the properties' equity, while avoiding \$35 million in tax exposure.

Downstream Effects:

Rick performed the 1031 exchange work for a one-time consulting fee, but after seeing his work as a Certified Financial Planner® who deftly guided them through the complex financial maneuver, all five brothers moved their wealth management accounts to Rick's advisory. Additionally, he's now helping them with other needs, like property and casualty coverage and life insurance.

THE OUTCOME

Equity Unlocked

15% RETAINED

85%
EQUITY
CASHED OUT

Tax Exposure Avoided

\$35mm
VIA 1031 EXCHANGE
IN DEFERRED TAX

THE DOWNSTREAM EFFECTS

CFP® expertise demonstrated

Complex planning on 1031 exchange

5 new clients

Brothers moved their accounts to UWP

Additional guidance

Advisor helping with insurance needs

These results are for illustrative purposes only. No strategy can guarantee returns or eliminate risk. Actual results will vary and depend on several factors, such as property values, tax basis, investment performance, among others. Past performance shown is not indicative of future results, which could differ substantially. This information should not be considered tax advice. Individuals should consult with a qualified tax consultant as to their particular situation.

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