

1031 Exchanges

The power of tax-deferred money – The ease of buying and selling

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Every year my accountant's first question is "how much are you going to contribute into your IRA"? Every time a friend of mine takes a new job, one of my first questions is, "what's the company contribution to a 401 K"? Every financial growth seminar I've been to in the last twenty years has placed maximizing a tax-deferred retirement contribution as one of the most important steps a person can take. As a matter of fact, nothing raises the blood pressure of an accountant more than un-used IRA contributions.

Why? What's the common factor in the above scenarios? They all involve three common elements. Saving taxes, tax deferred growth, and using the government's money (unpaid taxes) to grow your own nest egg. It makes sense right? You bet!! So much sense that almost everyone has a tax deferred retirement account of some sort. So why not in Real Estate too?

That's the power of the 1031 exchange. For just a little paperwork and patience you harness the same power and impact of the best IRA strategies in your real estate portfolio. It's as easy as list-sell-buy!

List a piece of investment real estate for sale. Sell it at a profit and instead of taking the profit and paying the tax (sometimes as much as 30% depending on your tax bracket and the state you reside in) utilize a 1031 exchange and buy new real estate to use for investment. You can do this process over and over and never pay a penny in tax. Instead, the deferred tax goes into the new purchases giving you more power and flexibility in the real estate you purchase.

Just imagine the possibilities! What could you do with an extra 30% of your profit to invest with? The most common objection I hear to 1031 exchanges is, "I just as well pay the tax now cause I'll pay it later anyway". Would your accountant allow you to say that about your IRA? I don't think so.

Give me a call and I'll explain more in detail how easy and powerful 1031 exchanges can be in your investing career. Did I mention that there are ways to make the tax go completely away??? Try doing that in your IRA. 1031s are definitely worth your look.

Please feel free to contact us any time!
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