

CAPITAL GAINS TAX DEFERRAL OPTIONS

PRODUCT	CASH	STANDARD INSTALLMENT SALE	STRUCTURED INSTALLMENT SALE	1031 EXCHANGE	1031 TIC EXCHANGE
Can Capital Gains Taxes be deferred?	No	Yes	Yes	Yes	Yes
Defer Taxes on Sale of Primary Residence?	No	Yes	Yes	No	No
Able to defer only part of sales proceeds/taxable income?	No	Yes	Yes. Cannot defer depreciation recapture in excess of Straight line depreciation.	No. All proceeds must be reinvested.	No
Transfer of title immediate?	Yes	No	Yes	Yes	N/A
Credit worthiness of Buyer a factor?	NA	Yes. Seller must rely on Buyer's ability to pay.	No. All payments are backed by US Treasuries	N/A	Yes. Cash or capital calls are possible.
Buyer's treatment of property in the future an issue?	N/A	Yes. Property is collateral. If Buyer defaults, Seller may have to take back property in a depressed market.	No	No	Yes
Lock-in today's 'high' selling value/price?	Yes	Yes, subject creditworthiness of Buyer. If default, risk of retaking property or accelerating payments and losing tax deferral.	Yes	No. Simply shifted value and risk of lower value to new property.	Yes
Ongoing or additional administrative expenses?	No	Maybe, if Seller has to chase Buyer for payment or pay for a letter of credit.	No	Yes. Costs involved with the use of a Qualified Intermediary	Yes
Can future payments decline or be missed?	N/A	Subject to creditworthiness of Buyer.	No	N/A	Yes
Flexibility in designing future payment stream?	No	Yes, but restricted by Buyer's ability/ desire to pay.	Yes. May be period certain, lump sums or any combination.	No	Possible, subject to business cash flows.
Will deferred monies earn a guaranteed return?	N/A	No. Subject to Buyer's investment returns and position.	Yes	No	No
Provide benefits to the Buyer?	No	Yes, but deferred payments are subject to Buyer's ability to pay.	Yes. Can bridge the gap between asking price and purchase price.	No	No

Note: Information listed here is not intended to provide legal, tax or investment advice. We recommend that you discuss these concepts with your tax advisor prior to any sale of assets to determine which option most appropriately addresses your financial objectives.