



## TeD<sup>sm</sup> PROGRAM FREQUENTLY ASKED QUESTIONS

### **Q. What is the TeD<sup>sm</sup> Program?**

A. In its simplest form, the TeD<sup>sm</sup> program is a financial review by our tax and finance professionals regarding the disposition of a property to determine the optimum financial structure that will minimize the Owner's tax liability and maximize the Net After-Tax proceeds that the Owner receives.

### **Q. How is this different from the 1031 Exchange?**

A. The 1031 Exchange is a great program that achieves the needs of many property owners when they are ready to sell their properties. Our Tax professionals utilize the 1031 Exchange when the strategy makes the most financial sense for our clients. But, this is only one of the many tax-saving strategies that are allowed under the current Tax Code. And, while the 1031 Exchange does a great job of deferring a taxable event, it does not eliminate the tax. At some point, the Owner may want to dispose of his real estate holdings and not purchase more real estate. At that point, the Owner may have a significant taxable event to deal with.

### **Q. What type of property owner is the best candidate to benefit under your TeD<sup>sm</sup> Program?**

A. The ideal property owner is a corporation, LLC, partnership or individual that currently has or will have a significant income tax liability in the next 5 years. Our TeD<sup>sm</sup> program allows these owners to receive cash and cash equivalent value for their property equal to or greater than what they would receive in a traditional transaction; especially when Time Value of Money is considered.

### **Q. What do your Tax professionals need in order to evaluate my real estate under this program?**

A. This is a fairly simple process for the property owner. Our professionals only need access to information related to the property and its ownership. Typically we need to review the depreciated book value of the property, the legal structure of the Owner, and the applicable tax brackets for the ultimate taxing entities associated with the real estate.

### **Q. Why have I not heard of the Tax-Efficient Disposition before?**

A. The 1031 Exchange is an IRS term that is now a household word. It's widely used in real estate transactions. Why? Because some real estate tax professionals figured out a way to take the complexity out of this IRS sanctioned 1031 Exchange program for Buyers and Sellers. They then commercialized this service. Now, it's the most widely used tax-management strategy in real estate dispositions. Our Tax professionals have taken this one step further. They take a holistic approach to evaluating the tax implications of real estate disposition, hence the term Tax-Efficient Disposition (TeD<sup>sm</sup>). This term is unique to Ecolonomic Realty Group. Our goal is to maximize the financial benefit to the seller of the property while fully utilizing all available IRS-sanctioned tax management strategies for both seller and buyer.

### **Q. How do I know the strategies your Tax professionals recommend will be accepted by the IRS?**

A. Our Tax professionals only apply proven tax management strategies to the disposition of real estate. All of these strategies are in full compliance with the current Tax Code. Further, we don't take short cuts in this process. We conform to all aspects of the Tax Code to ensure that both the seller and buyer have



*the highest level of assurance that they are in compliance with the Tax Code. And, we always encourage you to seek advice from your own tax professional.*

**Q. Will I end up getting less for my property?**

*A. No. The goal is to MAXIMIZE your After-Tax proceeds. Under some of the strategies, it is possible that your gross proceeds might initially appear to be less. But, when your After-Tax proceeds are determined (the money you actually put in your pocket), they will be equal to or greater than what you would receive under a “more traditional” disposition. And, ultimately, you decide which structure works best for you.*

**Q. What if my property has environmental issues?**

*A. Environmental issues are not a deterrent to ERG. Our principals have over 50 years of experience in dealing with environmentally-impaired properties.*

**Q. What information do I have to provide?**

*A. There is slightly more up-front work that may be involved in providing the required information to us. But, it’s information that is normally readily available from your CPA.*

**Q. How do I get started?**

*A. The process is simple. You enter into a Letter of Intent (LOI) to sell your property to ERG. Once this is executed, we engage our Tax professionals to analyze the property and your specific tax situation to see which IRS-sanctioned program(s) minimize the tax implications to you while obtaining you the maximum after-tax proceeds from the disposition. We will then present that structure to you. Once you understand and agree on the structure, and we have satisfied our due diligence requirements on the property, we move to closing on the property. It’s that simple.*

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***Tax Disclaimer***

*The information contained herein should not be used in any actual transaction without the advice and guidance of a professional Tax Advisor who is familiar with all the relevant facts. The information contained herein is general in nature and is not intended as legal, tax, or investment advice. Furthermore, the information contained herein may not be applicable to or suitable for the individuals’ specific circumstances or needs and may require consideration of other matters. ERG, LLC assumes no obligation to inform any person of any changes in the tax law or other factors that could affect the information contained herein.*