



**Congratulations.
You own a
highly appreciated
income property.**

But do you have an exit strategy that won't trigger substantial capital gains taxes and the loss of reliable rental income?

Millions of Americans who own rental properties face a common challenge...

How to step down from the responsibilities of the landlord, without giving up the many benefits of income property ownership.

I have good news for you.

As an accredited investor, you have the opportunity to take advantage of an innovative exit strategy that allows you to sell your investment property and roll those funds over through a 1031 exchange into (1) a larger property with multiple owners and professional management, or (2) multiple professionally managed properties.

You continue to enjoy all the benefits of investing in income-producing properties without any loss of equity to federal and state taxes. But you are now free to enjoy life without the management worries that come with rental property ownership.

The tool we use is a Delaware Statutory Trust or DST. In this brochure, you will find a brief overview of the DST and its use. If this approach is one that could make your life considerably easier and more enjoyable, we welcome the chance to explore the many benefits of a DST with you. You will find more information about our firm, its people and our approach to helping clients build and preserve wealth at www.synergy1031.com.

Give us a call, 206-386-5455 and let's set a time to review your investment options and how Synergy can be of value.



Joseph M. Maas

CFA, CFP®, ChFC, CLU®, MSFS, CVA, ABAR, CM&AA, CCIM

Top DST Benefits



Passive Investing



Tax Benefits



Income



No management
responsibilities

In addition to the **loss of consistent rental income**, the outright sale of an investment property may trigger **substantial capital gains and recapture taxes**. Replacing the rental income stream and appreciation potential with less to invest can be difficult.

The DST 1031 Exchange Solution

The 1031 exchange is one of the last tax shelters allowed by the IRS. By exchanging an **investment property for a like-kind investment property**, the investor can to defer the payment of capital gain taxes, health care taxes, state taxes, and the recapture of depreciation taxes. Many investors are familiar with 1031 exchanges that involve real property for real property and are performed by using a qualified intermediary. These exchanges are a great choice for investors who want to continue to actively manage their real estate portfolio. However, there is a passive solution to satisfying a 1031 exchange—a Delaware Statutory Trust (DST).

In 2004, the IRS released Revenue Ruling 2004-86 which allows the use of a Delaware Statutory Trust to acquire real estate, where the beneficial interests in the trust are treated as direct interests in replacement property for purposes of IRC §1031. Simply put, DSTs provide hands-off, turn-key options for investor who may not have the time, energy, or real estate expertise to find investors and or manage a replacement property. And, DST's can be used for a portion of the sales proceeds or 100% of the proceeds.

What can a DST do for me?



Build net worth

Through appreciation in the value of the property.



Diversify your portfolio

Avoid stock market ups and downs.



Provide cash flow from rental income

After the cost of ownership— from maintenance and utilities to insurance, taxes, and property management.



Reduce taxes

Depreciate the value of the property over time to reduce current taxes.



Simplify your life

Eliminate landlord duties for you and your family.



Pre-packaged investment

Not only do you have access to quality real estate, but that investment has the property management team in place.



Be a qualified replacement property

DSTs structured properly can be used in a 1031 tax deferred exchange.



Increase the benefit of appreciation

Through the use of leverage provided by real estate financing.



Help with your estate planning

And retention of a stepped-up basis for your heirs.

Since we are Registered Investment Advisors you pay no commission— 100% of your money goes to work for you.



A DST is becoming a preferred solution

For owners of highly appreciated income property who are ready to relinquish responsibilities of a landlord and enjoy life more.

A DST COMBINES THE BENEFITS OF A 1031 EXCHANGE – Its ability to defer taxes – with ownership by multiple parties, typically facilitating larger investments such as multiple-unit apartment complexes, retail centers, large office buildings, etc., where economies of scale support professional management teams.

A DST IS FORMED THROUGH AN INITIAL OFFERING in which investors can purchase interests in the trust. In the offering documents, the trust specifies its investment strategy and disposition plans, i.e., when the property will be sold and the trust liquidated, typically between five and ten years. Once the offering is closed, the Trust executes its investment strategy.

When the IRS approved the DST structure for exchanges, it stipulated that the 1031 investors could not have any operational control or decision-making authority over the underlying properties. To protect investors, the IRS placed specific limits on the Trust that allow DSTs to qualify as suitable investments for the purpose of a tax-deferred 1031 exchange. These regulations provide additional protection and benefit to the beneficiaries by ensuring the trustee distributes funds properly to beneficiaries and does not take unnecessary risks with the DST's assets.

By sheltering gains from the sale of existing income-producing real estate with a 1031 exchange, all of the equity built up over prior years can be invested in the DST. The investor does not lose purchasing power to federal and state taxes.

A DST can also be the answer to a 1031 exchange where identifying a replacement property within the 45-day window becomes a problem. The catch is to make certain the transaction is in your best interest and fits your financial goals.

That's where Synergy comes in.

Discover the advantages of investing in real estate using a Delaware Statutory Trust 1031 exchange.

We are registered investment advisors through Synergy Asset Management, LLC and licensed real estate brokers through Synergy. Members of our company hold the Certified Financial Planner (CFP®) designation as well as certifications from other professional fields of study. We are in a unique position to offer both real estate and investment advice to help clients make sound real estate buying and selling decisions in the best interests of their long-term financial future.

If you want to be free of property management responsibilities while still maintaining the benefits of an income-producing property, contact us today and let's look at your options and opportunities.

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