

Opportunity Zone

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Rita is an asset owner that has a lot of investments -- like stock, real estate, and investment portfolios. As she nears retirement, Rita each wants to sell off her property to simplify and relocate.

Rita enters the screen looking concerned as visualizations of her investments are fanned out behind her on cards. Behind her is a house. When selling is mentioned, the house shifts to be next to Rita's and starts to fill with dollar signs.

The one thing holding Rita back from selling off her real estate, however, is Uncle Sam, who's ready to collect a significant amount in capital gains tax.

The head of Uncle Sam slides on to the top of the screen in a circle. He is holding a long, red straw and starts siphoning dollar signs out of Rita's house. Rita is bummed out.

Thankfully, Rita is able to contact her real estate agent, who connects her to the helpful pros at DeferTax.com.

Carl appears next to Rita, and shakes his finger at Uncle Sam. The dollar signs fall out of the straw, back into the house.

Rita can can defer the Capital Gains taxes on selling her house with Tax Cuts and Jobs Act of 2017 -- which created a new tax deferral option called opportunity funds. This allows Rita to invest her capital gains into over 8,700 economically distressed opportunity zones around the United States.

Carl holds up a document with the words "Opportunity Funds" on top. Everyone, including Uncle Sam, looks happy and interested. Carl shuffles his documents and comes up with one that says "Opportunity Zones". At "8700", he shuffles his documents again and holds up one with a map on it that has points popping up all over it.

This allows Rita to minimize her capital gains tax liability, all while making a difference in communities across the United States. Rita can invest her capital gains in opportunity zones, where 20% or more of the population has lived beneath the poverty line for years. She can invest in real estate, projects and companies to hopefully create jobs and education for the local population, while also erasing her tax obligations and having any proceeds grow tax-free.

On the map, some of the points are replaced with little heads that are smiling and happy, little companies, and little houses. At "erasing her tax obligations", multiply the dollar signs in the house. To transition, migrate everyone but Rita off screen.

Rita's home is very valuable -- she paid it all off, and even invested money in renovations. She sells it for a lot of money -- but she knows she will have to pay capital gains on it.

Rita's home slides out next to her. Underneath there should be a gray progress bar, labeled "Capital Gains Owed: 0" below it. When she sells her property, the bars fill in red up to \$2,500,000. At "capital gains", Uncle Sam appears, holding his red straw. [NOTE: the red from the straw and the red on the Capital Gains bar should be the same.]

The initial cost of Rita's property, plus the capital invested in it, is exempt from capital gains.

The bars fill in green at "initial cost", causing the capital gains numbers to roll down by \$500,000, leaving 2 million in Capital Gains.

Thanks to Opportunity Funds, the rest of the money doesn't have to go to Capital Gains. Instead, Rita can invest that money in an Opportunity Zone.

Carl comes on screen next to Uncle Sam, wags his finger at him, and an "Opportunity Funds" graphic in a circle pops up over everyone. Carl points up at it, and everyone looks up at it. Dollar signs start flowing from the "Opportunity Funds" graphic back into the progress bar, and it begins filling in green.

If Rita leaves her money in the opportunity fund, she can defer her taxes for a while. But if she leaves the money in the opportunity zone for 5 years, she can reduce her capital gains by ten percent.

Rita's green bar increases, leaving "Capital Gains Owed" at 1.8 million (1,800,000).

If Rita keeps her investment for 7 years, she can get another 5% reduction in capital gains.

Rita's green bar increases, leaving "Capital Gains Owed" at \$1.7 million (\$1,700,000).

If Rita stays invested in an opportunity zone for 10 years, any gains in her investment above the initial value can be returned to her tax-free.

*Rita's green bar increases indefinitely. "Capital Gains Owed" reads ??????
Then wipe the property and the progress bar off the screen to leave Rita and Carl.*

Rita has a few more questions about properties and tax deferral. From investment properties to 1031 exchange transactions to learning about her local opportunity zones -- finding out the answers is easy. The pros at DeferTax.com will help her find the strategies that work for her.

Rita looks quizzical, and question marks pop out of her head to slide up to the top of the screen. Text boxes slide out of them that read: "Investment properties?" "Depreciation taxes?" "1031 exchange?" Carl smiles and shows her a stack of documents, and they smile together as the question marks migrate off screen. Wipe screen.

With these strategies, Rita can minimize what she owes in capital gains -- while making a positive impact by investing into communities across the country, or even to a local business she knows.

Rita walks on screen on one side, while Carl walks on with a cast of random characters on the other. He introduces them, and they all begin shaking hands and smiling.

To find out more about how tax deferral strategies can benefit you or your family, contact your real estate agent and set up an appointment with the team at DeferTax.com.

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