



ATG TRUST C O M P A N Y

EXCHANGE TAX DOLLARS FOR INVESTMENT DOLLARS: OFFER STARKER EXCHANGE SERVICES TO YOUR CLIENTS

ATG Trust Company (ATG Trust) can show your clients how to increase their wealth using tax-deferred dollars! Through the use of “like-kind” exchanges under §1031 of the Internal Revenue Code, your clients can defer paying taxes on the gains earned from investment property. Instead of seeing appreciation eaten away by taxes, your clients can reinvest that money to build their portfolios. These exchanges, commonly called *Starker Exchanges*, are one of the few remaining tax incentives available to people of virtually any income level. Section 1031 provides as follows:

No gain or loss shall be recognized on the exchange of property *held for productive use in a trade or business or for investment* if such property is exchanged solely for property of *like kind* which is to be held either for productive use in a trade or business or for investment.

The exchanged property must be *held for productive use in a trade or business or for investment*, which will usually exclude one’s personal residence. When dealing with real estate, the *like-kind* requirement is easy to satisfy. All real estate in the United States is considered to be of like kind.

Section 1031 also imposes strict time requirements:

- First, the property being acquired by the taxpayer (the “Replacement Property”) must be *properly* identified within 45 calendar days of the closing on the property being transferred by the taxpayer (the “Relinquished Property”).

- Second, the taxpayer must acquire the Replacement Property within 180 calendar days of the closing date on the Relinquished Property, or the due date of the taxpayer’s tax return for the tax year in which the Relinquished Property was transferred (including extensions), whichever is earlier.

Failure to comply can result in proceeds becoming fully taxable. The IRS does not allow *any* extension of these time periods!

ATG Trust acts as a *Qualified Intermediary* to facilitate your client’s exchange transaction. The use of a Qualified Intermediary is a *safe harbor* that has been identified by the IRS in the regulations promulgated under §1031. Since most attorneys will be considered to be *disqualified persons* under IRS regulations – and thus unable to perform as Qualified Intermediaries for their clients – this safe harbor is especially important to you. As a Qualified Intermediary, ATG Trust provides all documentation and services to ensure that your clients comply with the requirements of the safe harbor.

The ATG Trust staff is always available to answer your questions. Of course, you should consult an independent tax professional to ensure that your clients achieve the tax consequences they desire and, thus, enjoy the maximum benefits from the exchange. ATG Trust’s offers its services at reasonable and competitive rates. Our experienced professionals will administer your clients’ exchanges with the utmost care. We look forward to the opportunity to help you take advantage of this wealth-building tool. For further information about our services, please contact us: **Phone: 312.752.1031** or **E-mail: info@atgtrust.com**.

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ATG Trust Company provides investment analysis and advice, estate planning, and trust administration for individuals, businesses, retirement plans, and institutional accounts through its network of trusted advisers in the legal community. To learn more about ATG Trust Company, contact us:

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