

A FIDUCIARY GUIDE FOR INVESTORS & BUSINESS OWNERS



Capital Gains Tax Strategies *Playbook*

Thoughtful, fiduciary strategies to defer six- and seven-figure tax bills on the sale of real estate, businesses, and concentrated equity positions.

PREPARED BY

Lally Wealth Management

Wealth · Income · Protection

VOLUME

I

FOREWORD

Retain more of the wealth you have built.

When you sell an appreciated asset — whether real estate, a business, or a concentrated stock position — the IRS is waiting at the finish line. For high-value sales, capital gains tax can take hundreds of thousands, even millions, off the table.

The good news: tax law provides options. With proper planning, you do not have to write that check all at once. You can defer the liability, preserve liquidity, and keep your capital compounding pre-tax.

This playbook walks you through the core strategies, compares their strengths and limitations, and shows how disciplined planning helps you choose the right path.

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EDITOR'S NOTE

For a \$3M gain, the difference between paying tax now and structured deferral can exceed **\$700,000** over the holding period — capital that continues to compound on your behalf.

DISCLOSURE

Educational material only. Not tax, legal, or investment advice. Consult qualified professionals before making decisions related to your sale.

01

CHAPTER ONE

What is capital *gains tax*?

A capital gain occurs when you sell an asset for more than you paid for it. The IRS taxes that gain — and the rate depends on your income and how long the asset was held.

For high net worth individuals selling highly appreciated assets, the numbers can be staggering. Selling a property with a \$3 million gain could trigger **\$600,000 to \$800,000+** in federal and state taxes before deferral planning.

That is why deferral strategies matter. Instead of paying the IRS immediately, you can often postpone recognition of the gain — letting that capital keep working for you for years, even decades.

SHORT-TERM GAINS

37%

Assets held under one year are taxed at ordinary income rates of up to 37%.

LONG-TERM GAINS

15–20%

Assets held over a year, plus a 3.8% Net Investment Income Tax for higher earners.

\$3.0M

ILLUSTRATIVE GAIN

~\$714K

TAX WITHOUT PLANNING

\$0

RECOGNIZED AT CLOSING
WITH DEFERRAL

02

CHAPTER TWO

Why consider *deferral*?

Deferring capital gains is not about avoiding taxes. It is about timing, control, and keeping your capital invested in the work that built it.



Preserve Liquidity

Keep more capital available after a sale to generate income and meet personal goals.



Compound Growth

Money that would have gone to taxes stays invested longer, producing returns on returns.



Diversification Flexibility

Some structures let you reposition beyond the original asset class — out of single-property risk.



Estate Planning Edge

With the right structure, deferred assets may pass more efficiently to heirs and charities.

Without planning, you sell, you pay, and it is over. With planning, you gain options — and time is the most valuable option of all.

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CHAPTER THREE · STRATEGY A

The 1031 Exchange

HOW IT WORKS

Section 1031 of the Internal Revenue Code allows you to sell an investment property and reinvest the proceeds into another like-kind property, deferring capital gains tax in the process.

ADVANTAGES

- Widely recognized and IRS-approved
- Roll real estate gains forward indefinitely
- Equity continues to compound in property

LIMITATIONS

- Real estate only — no securities
- 45 days to identify, 180 to close
- No diversification across asset classes

BEST FIT

Real estate investors committed to staying in property ownership long term.



CRITICAL DEADLINES

45 days to formally identify replacement property

180 days to close the replacement transaction

04

CHAPTER FOUR · STRATEGY B

The Deferred *Sales Trust*



HOW IT WORKS

A Deferred Sales Trust is a legal structure that allows you to sell a highly appreciated asset, transfer the proceeds into a trust managed by an independent third-party trustee, and receive installment payments over time. You pay capital gains taxes only as you receive those payments.

ADVANTAGES

- Works across asset classes
- Liquidity while spreading recognition
- Diversify into stocks, bonds, alts
- Potential estate planning benefits

LIMITATIONS

- More complex legal structure
- Trustee & setup fees apply
- Must be arranged before close

BEST FIT

Owners of highly appreciated assets seeking liquidity, diversification, or an exit from active property management.



A DST works with virtually any highly appreciated asset — real estate, businesses, or concentrated equity.

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CHAPTER FIVE

Other notable *strategies*

The 1031 Exchange and Deferred Sales Trust are the most powerful and widely used tools — but they are not the only options. Three additional strategies have a meaningful place in the right circumstances.

I Installment Sales

Spread recognition of the gain over multiple tax years by financing the buyer. Effective when the buyer's credit and structure are sound, but introduces counter-party default risk.

II Opportunity Zones

Reinvest gains into Qualified Opportunity Funds for designated communities. Provides temporary deferral plus, with sufficient hold time, a potential step-up in basis on the new investment.

III Charitable Remainder Trusts

Combine philanthropy with deferral. Transfer the asset into a CRT, receive an income stream for life or term of years, and direct the remainder to charity — with an immediate partial deduction.

✧ Each of these has its place — but most six- and seven-figure decisions still come down to 1031 vs. DST.

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CHAPTER SIX

Choosing the right *strategy*

The right deferral method depends on five factors unique to your situation. Use this framework as the starting point of any conversation with your advisor.

01

Asset Type

Real estate, business, or securities?

02

Goals

Liquidity, diversification, or stay invested?

03

Timeline

Selling now or within 12 months?

04

Risk Tolerance

Trust structure vs. property ownership?

05

Estate Plans

Heirs, charities, or both?

THE DECISION, DISTILLED



IF YOU WANT TO STAY IN REAL ESTATE

1031 Exchange

Roll the equity into your next property, defer indefinitely, and let cost-basis step up at inheritance.



IF YOU WANT LIQUIDITY & FLEXIBILITY

Deferred Sales Trust

Convert a single concentrated asset into a diversified, income-producing portfolio — without paying tax at closing.

07

CHAPTER SEVEN

Risks, trade-offs & *compliance*.

No strategy is without downsides. A clear-eyed view of the trade-offs is what separates a durable plan from a fragile one.

Tax Eventually Comes Due

Deferral is not elimination. You pay when the gain is recognized — but you control the timing and rate environment.

Structural Cost & Complexity

Trusts, qualified intermediaries, and CPAs add fees and require coordination. Cost is justified by the deferral they enable.

IRS Scrutiny

Poorly executed strategies may not withstand examination. Documentation and timing must be precise from day one.

Regulatory Change

Tax law evolves. The right structure today should be reviewed against legislative shifts on a regular cadence.

🛡️ *That is why working with experienced trustees, attorneys, and CPAs is not optional — it is the difference between a strategy that holds and one that unwinds.*

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CHAPTER EIGHT · NEXT STEPS

How Lally *helps*.

01

Educate & Assess

Analyze your goals, assets, and tax exposure to frame the decision.

02

Design Custom Strategy

Outline viable structures and model the trade-offs in real numbers.

03

Implement End-to-End

Coordinate trustees, attorneys, and CPAs to execute precisely.

04

Monitor Ongoing

Adjust the structure as your life and the tax code evolve.

BOOK A STRATEGY MEETING

The next move is simply to *start the conversation*.

These strategies carry significant tax implications. Choosing the right one — and implementing it properly — requires careful planning with experienced professionals.

YOUR ADVISOR

Michael Lally

Founder & Fiduciary Wealth Advisor · Lally Wealth Management

PHONE

401.398.7171

EMAIL

michael@lallywm.com

WEB

lallywealthmanagement.com

OFFICE

70 Romano Vineyard Way
Suite 152
North Kingstown, RI 02852

Schedule a confidential strategy call →

calendly.com/lallywealth/capital-gains-tax-strategy-meeting



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