GRACE CAPITAL MANAGEMENT

AUSTIN, TEXAS · GRACE-CAP.COM

Referral Partner Quick Reference

Client need → tax-strategy category

For CPAs, advisors, bookkeepers, estate attorneys, QIs, and realtors. Read down the left column; when a client's situation matches, that is a conversation worth introducing. **These are categories, not recommendations** — suitability depends on the client's full picture and their own tax advisor.

WHEN YOUR CLIENT…	STRATEGY CATEGORY TO ASK ABOUT
Is selling investment real estate Rental, ranch, land, or commercial property with a large embedded gain.	**1 1031 Exchange into Securitized Real Estate** A properly structured 1031 exchange may allow gain on an investment property sale to be deferred when proceeds are reinvested in qualifying replacement property, including passive categories such as Delaware Statutory Trusts. Strict IRS identification and closing deadlines run from the date of sale.
Has a large IRA and is facing RMDs Trapped qualified money; distributions taxed as ordinary income.	**2 Roth Conversion Paired with Development Deals** A Roth conversion creates ordinary income in the conversion year, which is usually what stops the conversation. Pairing it with a deduction-generating category, such as a development program, can absorb part of that income. Conversion tax is assessed on fair market value at conversion, so an independent valuation of an early-stage holding may support a lower figure. Qualified Roth distributions are not taxed again. Conversions are generally irreversible; sequence them with the client's CPA. Valuations are independently determined and IRS-scrutinized; five-year and age rules govern qualified distributions.
Has a spike in ordinary income Large bonus, business sale, exercised compensation, or an unusually strong year.	**3 Intangible Drilling Cost (IDC) Programs** Oil and gas drilling partnerships allocate a substantial share of invested capital to intangible drilling costs — labor, fuel, site preparation — much of which may be deductible in the first year as an adjustment to AGI. Allocations vary by program; confirm with the client's CPA. Speculative and illiquid; drilling risk.
Realized a capital gain from any asset sale Stock, a business exit, or real estate. Unlike a 1031, nearly any asset class qualifies.	**4 Opportunity Zone Funds** Reinvesting an eligible capital gain into a Qualified Opportunity Fund may allow recognition of that gain to be deferred, with potentially favorable treatment of fund appreciation if long holding-period requirements are met. The reinvestment window is limited and runs from the sale date. Long-term and illiquid.
Has a gain event coming, but not yet A sale or liquidity event already on the calendar for later this year or next.	**5 Tax-Loss Harvesting** Selling depressed positions in a taxable portfolio realizes capital losses that can be carried forward against a future gain, banking them before the event rather than scrambling after it. Taxable accounts only, not IRAs. Wash-sale rules and the client's allocation govern what is practical.

FREE CALCULATORS — HAND YOUR CLIENT A TOOL

Free. No login. Outputs are estimates, not tax advice.

1031 Exchange Calculator
grace-cap.com/tools/1031-calculator/

Capital Gains Tax Calculator
grace-cap.com/tools/capital-gains-calculator/

IDC Deduction Estimator
grace-cap.com/tools/idc-estimator/

Opportunity Zone Calculator
grace-cap.com/tools/oz-calculator/

Education: grace-cap.com/resources/

Strategy overviews: grace-cap.com/investments/

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Important Disclosures

GRACE CAPITAL MANAGEMENT · REFERRAL PARTNER QUICK REFERENCE

Reverse of front-side quick reference.
Read together with the front side.

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