



Be well-advised.

Capital Gains Exemption



*Keep more
of your money.*

GENERATIONS

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Capital Gains Exemption

Mary has a successful printing company that she would like to pass onto her children, Randy and Ken, in the future. Both have been working in the business for the last 10 years. Randy and Ken are eager to take control of the company, but Mary is hesitant to relinquish control. She has most of her wealth tied up in the business and would need to sell it in order to access the capital for her retirement. Mary also recognizes that her sons are not currently in a position to buy the business, but she would like to start planning ahead to maximize her after-tax proceeds and prepare for a smooth transition to her sons.

Our Solution

Mary implemented several tax-efficient strategies to help qualify the corporation for the capital gains exemption. Once the corporation qualified, Mary implemented an estate freeze allowing her to retain control of the company, take advantage of her lifetime capital gains exemption and still receive the income she needs to fund her retirement. The freeze also allows her to pass on the future growth of the company to her sons, which will enable them to eventually access their own lifetime capital gains exemption of \$750,000 each.

If you want to know more about the Capital Gains Exemption and how it can complement your succession planning strategy, contact your Assante advisor today or visit www.assante.com.

What is a capital gains exemption?

A lifetime exemption that allows you to access up to \$750,000 tax-free on the sale or transfer of your qualifying small business corporation, family farm or fishing property.

How can it be used?

- To lower your taxes by claiming the capital gains exemption on the sale of your qualified property.
- To access up to another \$250,000 in exemption if you have already used your first \$500,000 and still own a qualifying property.
- To complement an estate freeze.
 - An estate freeze allows you to pass the future growth of your eligible business to your children, and with your capital gains exemption you pay no tax on your gains up to the threshold.
 - In the future, your children can each claim their own \$750,000 in lifetime capital gains exemption.

Who uses it?

- Small business owners planning to sell or transition a qualifying business in their lifetime, or through their estate.
- Farmers planning to sell or transition qualifying farming property in their lifetime, or through their estate.
- Fishermen planning to sell or transition qualifying fishing property in their lifetime, or through their estate.