

A Coordinated Approach to 1031 Exchanges



WHY CONSIDER A

1031 EXCHANGE

A Section 1031 Exchange can be an effective strategy for deferring capital gains taxes while preserving more capital for future opportunities. Whether the goal is continued real estate ownership, greater diversification, increased income, or broader wealth planning, we help clients evaluate how a real estate transaction fits within their overall financial picture.

ABOUT US

1031 WITH LEDYARD

At Ledyard, we view a 1031 Exchange as more than a transaction. It is often a significant planning event that may influence banking, financing, cash flow, estate planning, charitable goals, and long-term wealth strategies. Successfully navigating these decisions often requires thoughtful planning, careful execution, and coordination among the professionals involved. Our role is to help clients understand the opportunities, identify important considerations, and bring the right expertise into the conversation at the right time.



**PRESERVING
CAPITAL**



**NAVIGATING
COMPLEXITY**



**PLANNING WHAT
COMES NEXT**



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What is a 1031 Exchange?

A Section 1031 Exchange allows an owner of investment or business-use real estate to sell a property and reinvest the proceeds into other qualifying real estate while deferring capital gains taxes.

By deferring—rather than immediately recognizing—taxes, property owners may be able to:

- Preserve more equity for reinvestment
- Consolidate or diversify real estate holdings
- Improve cash flow or reduce management complexity
- Reposition assets for the next stage of ownership

A successful exchange requires adherence to IRS rules, including the use of a Qualified Intermediary (QI) and strict identification and closing timelines.



A 1031 Exchange is a moment—not the entire plan.

Selling investment real estate often creates opportunities that extend far beyond the exchange itself.

Clients frequently ask:

- Should I continue owning and managing property?
- Is this an opportunity to simplify or diversify my holdings?
- How will this impact retirement income and cash flow?
- What are the estate planning implications?
- Could charitable planning strategies play a role?
- What opportunities exist after the exchange is completed?

These are the types of questions that can benefit from a coordinated planning approach, one that considers not only the transaction itself, but also the goals that follow.



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A Coordinated Experience

A successful 1031 Exchange often involves multiple specialists, including Qualified Intermediaries, bankers, lenders, tax professionals, attorneys, real estate professionals, and investment professionals.

Rather than navigating these conversations independently, many clients appreciate having a relationship that helps connect the moving pieces throughout the process. Our approach may include:

Qualified Intermediary Services

Through our relationship with JTC, clients have access to experienced Qualified Intermediary services designed to facilitate the successful execution of a 1031 Exchange.

Banking and Liquidity Solutions

From deposit solutions to ongoing cash management needs, our banking professionals help clients evaluate opportunities before, during, and after a transaction.

Lending Solutions

Whether pursuing replacement property, development opportunities, or bridge financing, clients have access to a range of lending solutions tailored to their objectives.

Wealth Planning Integration

Real estate decisions often affect many other areas of a family's financial life. We help clients evaluate how a transaction may align with broader planning priorities and long-term goals.

Access to Investment Solutions

Certain investment solutions may be offered through Osaic Institutions, Inc. licensed professionals located at Ledyard Bank.

These professionals help clients evaluate investment opportunities in the context of broader financial objectives, risk considerations, income needs, and long-term planning goals.

For certain clients, this may include securities-based solutions such as Delaware Statutory Trusts (DSTs), Qualified Opportunity Zone investments, and other investment strategies offered through Osaic Institutions.

Coordination with Professional Advisors

Complex planning decisions often involve accountants, attorneys, real estate professionals, and other specialists.

Our team regularly collaborates with these professionals to help facilitate productive conversations and ensure important planning considerations are addressed.

In addition to working closely with a client's existing professional relationships, we maintain an extensive network of experienced attorneys, CPAs, and other specialists who may serve as valuable resources when additional expertise is needed.



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What is a Delaware Statutory Trust (DST)

For some investors, a Delaware Statutory Trust (DST) may provide an opportunity to continue participating in real estate ownership while reducing day-to-day management responsibilities.

DSTs allow investors to acquire fractional interests in institutional-quality real estate and, when properly structured, may qualify as replacement property for Section 1031 purposes.

For investors seeking a more passive real estate ownership experience, DSTs may offer an alternative to acquiring and managing replacement property directly.

Certain DST investments are available through Osaic Institutions, Inc. licensed professionals located at Ledyard Bank.



Potential Considerations

- Continued tax deferral
- Access to professionally managed properties
- Diversification across property types and geographic locations
- Reduced management responsibilities
- Potential income generation
- DST investments involve investment risk, limited liquidity, and other considerations that should be carefully evaluated before investing.

Securities and investment products are not FDIC insured, are not bank deposits, are not guaranteed by the bank, and may lose value.



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Qualified Opportunity Zone Investments

A Qualified Opportunity Zone (QOZ) investment is a distinct strategy from a Section 1031 Exchange, yet both are often evaluated by investors seeking to manage capital gains, reposition assets, and align investment decisions with long-term planning objectives.

Unlike a 1031 Exchange, which generally requires reinvestment into qualifying real estate, a Qualified Opportunity Zone investment may provide greater flexibility while offering certain tax benefits for eligible investors.

For some clients, a Qualified Opportunity Zone strategy may be worth evaluating when considering:

- Long-term growth opportunities
- Diversification beyond direct real estate ownership
- Legacy and wealth-transfer objectives
- Tax-aware planning strategies
- Community and economic development investments
- Qualified Opportunity Zone investments involve investment, tax, and liquidity considerations and may not be appropriate for every investor.



Potential Tax Considerations

Current law provides certain tax benefits for eligible Qualified Opportunity Zone investments, subject to holding period requirements and applicable regulations.

Depending on an investor's circumstances, potential benefits may include:

- Deferral of eligible capital gains for a specified period of time
- Deferral periods that may extend up to five years for qualifying investments made under current law
- Potential exclusion of future appreciation attributable to the Qualified Opportunity Zone investment if applicable holding-period requirements are satisfied
- Long-term tax-efficient growth potential

Because tax laws may change and the benefits of a Qualified Opportunity Zone investment depend on individual circumstances, investors should consult their tax and legal advisors regarding the specific implications for their situation.

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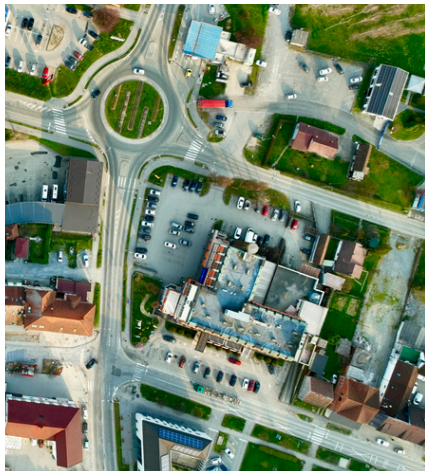
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Evaluating QOZs Alongside 1031 Exchanges



While a 1031 Exchange and a Qualified Opportunity Zone investment serve different purposes, both may warrant consideration when evaluating how best to redeploy appreciated assets.

The appropriate strategy depends upon each client's:

- Financial goals
- Tax circumstances
- Liquidity needs
- Investment time horizon
- Risk tolerance
- Estate and legacy planning objectives

Certain Qualified Opportunity Zone investments are securities and may be offered through Osaic Institutions, Inc. licensed professionals located at Ledyard Bank.

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Planning Beyond the Exchange

A 1031 Exchange often serves as the starting point for broader planning discussions.

Clients may evaluate how the transaction fits within:

- Estate and trust planning objectives
- Charitable giving strategies
- Tax-aware wealth planning
- Cash flow and income planning
- Long-term investment considerations
- Multi-generational wealth transfer goals

Rather than focusing solely on the transaction, we help clients consider how today's decisions may support their broader financial objectives over time.

Start the Conversation

If you are considering the sale of investment or business property, early planning can make a meaningful difference.

We welcome the opportunity to discuss your goals, explore available strategies, and work alongside the professionals involved to help you evaluate opportunities before, during, and after a 1031 Exchange.

Different aspects of a 1031 Exchange may involve Ledyard Bank, JTC, Osaic Institutions, Inc. licensed professionals located at Ledyard Bank and the client's legal and tax advisors. Each party is responsible for the services it provides. Ledyard Bank does not provide legal or tax advice. Securities and investment products are offered through Osaic Institutions, Inc. and are not deposits, not FDIC insured, not guaranteed by the bank, and may lose value.

Osaic Institutions and Ledyard Bank are separate companies. Investment and insurance products and services are offered through Osaic Institutions. Member FINRA/ SIPC. Osaic Institutions and the bank are not affiliated. Products and services made offered through Osaic Institutions are not insured by the FDIC or any other agency of the United States and are not deposits or obligations of nor guaranteed or insured by any bank or bank affiliate. These products are subject to investment risk, including the possible loss of value.



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