



RUI Financial Services

Amylynn Carroll – National Sales Director
Phone: 818.883.8304 amylynn@ruifinancial.com

1. What is the benefit of a cost segregation study?

A cost segregation study generates an immediate tax benefit in the form of increased tax deductions for depreciation. Increased deductions mean lower tax payments. And, that means money in your pocket today. To most people, a dollar today is worth more than a dollar tomorrow. So, too, a tax deduction today is worth more than a tax deduction in the future.

2. How much should a commercial property expect to save?

Typically, cost segregation studies generate savings of about five to eight percent or more of the asset cost. For example, a \$5 million property, assuming a five percent benefit, should generate about \$250,000 in AFTER tax savings. Savings of anywhere from \$50,000 to \$1 million, or more, are not uncommon to owners.

3. Why hasn't your accountant told you about this?

Cost segregation is a highly specialized tax planning discipline that requires a combination of skills and expertise that most accounting firms don't have. For example, most accounting firms do not have the in-house engineering expertise required to read construction drawings, estimate costs, understand construction systems and apply IRS asset classifications to existing use.

4. Will you need to replace your current accountant?

No. A cost segregation study does not replace your accountant. The cost segregation study simply provides your accountant with the information necessary to calculate deductions for depreciation and prepare your tax return. And, we work closely with your accountant every step of the way. And the IRS does not require amended returns for previous years' tax returns!!

5. What happens if the IRS challenges the asset classifications resulting from the study?

In the event of an IRS review or audit, we will defend our results. We will be present at any review / hearing to answer questions. This is done at no additional cost to the building owner and/or his/her CPA. We have a proven track record with the IRS results because we:

- *Follow the most recent depreciation guidance provided by the IRS (for example, IRS Audit Technique Guide, 2005), and
- *Provide the building owner and his / her CPA with extensive supporting documentation

6. How much does a cost segregation study cost?

There's no charge for the Feasibility Study. If our Feasibility Study indicates that a cost segregation opportunity exists, we will give you a written fee estimate. Our fees depend on the size/ scope of the project. Generally, we find that your tax savings greatly exceed our fees and, depending on the situation, you may recover the cost when you make your next quarterly payment or file your tax return.

7. How long does a cost segregation study take?

The time required to complete a study depends on the size/scope of the project and the volume/quality of available documentation.

8. Can a tenant benefit from a cost segregation study?

Yes. If you have paid for leasehold improvements and are currently depreciating them, cost segregation may create tax benefits for you similar to those it offers for property owners.