

### **1. What is a Cost Segregation Study**

A cost segregation study is an engineering based study which analyzes real estate assets to identify any tangible personal property that is eligible for accelerated depreciation.

### **2. What does that mean?**

This means that through the performance of this study, a property owner who normally depreciates his real estate over 29.5 or 37 years, will likely be able to identify assets that qualify for a shorter depreciation period and an accelerated depreciation method enabling such property owner to frontload his tax deductions and free up cash flow.

### **3. That sounds Great! What is the catch?**

There really is no “catch”. Provided the study is done in accordance with IRS guidelines, the property owner should be able to realize the benefits.

### **4. Why can't I do it myself?**

Although property owners may be able to identify certain obvious assets that qualify for a shorter depreciation periods (such as light fixtures and carpeting), many other items that are not as obvious will likely be overlooked resulting in the loss of much of the benefit.

Furthermore, the IRS has provided detailed guidelines and requirements in order to qualify for these benefits. It is very difficult for untrained professionals to comply with the various requirements.

### **5. What type of property qualifies for these benefits?**

Almost any commercial or residential property qualifies.

### **6. Who can benefit from this study?**

Any property owner who has recently purchased, improved or developed a property, one who owns a property for which a study has not yet been performed, and lessees who make leasehold improvements.

### **7. So if I bought my property ten years ago I can still do this study?**

Yes. A study can be performed at any time. The depreciation adjustment is realized in the current year.

### **8. Can you quantify my benefits for me?**

Before performing a study, we will prepare an estimate of benefits so you can get an idea of what the benefits will be. As a general rule, property owners can expect net present value savings of \$15,000-\$20,000 for every \$100,000 worth of assets reclassified to a shorter depreciation period.

**9. How much does a study cost?**

The cost of a study varies from property to property.

**10. Why Should I use Riverside TACS?**

Riverside TACS' cost segregation professionals have conducted thousands of studies and are leaders in this field. Riverside TACS will provide you with the same high quality service you have come to expect from Riverside Abstract and Riverside 1031.