

## Heir can benefit from stepped-up basis when receiving property via a will

By Ilyce Glink  
and Samuel J. Tamkin  
Tribune Content Agency

**Q:** Your recent article, “Selling a rental property without facing a large tax bite,” all the information you provided is good, but you did not mention what I consider might be best: Simply rent the property to the young couple and let them know that the property is willed to them via their will and living trust.

This has several great advantages that your suggestions do not. First, there are no taxes for the estate to pay. Second, there is no tax due to the young couple when they receive their inheritance (assuming the stepped-up value law remains). Third, the son is incentivized to maintain

the property just as though he owned it. Fourth, the parents continue to receive income they are accustomed to and may depend on.

I have purchased and sold income properties for 40 years as an investor, many of them by using a 1031 exchange. I would never consider actually selling my son a property I own, as long as the stepped-up value IRS code remains available.

**A:** Thank you for your comment. Yes, your idea about how to transfer property to a child is a good one. The kids in this family might like that idea as well, but when we make assumptions in our answers we can't always go through all the permutations. We appreciate your suggestion

and are sure some of our other readers may as well.

One thing you mentioned was the stepped-up basis. We wanted to explain that concept in a bit more detail.

When you own a home and own it for some time, you usually have purchased it for a price that is substantially lower than what it may now be worth. Under current law, if you purchased a home for \$50,000 and years later when you die the property is worth \$1,000,000, then your heirs will receive the home at its value at the time of your death.

Your estate wouldn't pay capital gains taxes as a result of the appreciation and your heirs would only pay taxes on a profit over \$1,000,000.



541-667-2000



### LAND & COMMERCIAL PROPERTY

- **\$595,000 - INDUSTRIAL/COMMERCIAL SITE IN PENDLETON 3.75 acres. Call Tim at 541-667-2000. RMLS #16169560**
- **\$775,000 - 29.5 ACRES ZONED R-2 & INDUSTRIAL ON DIAGONAL RD., Hermiston includes 13,750 sq. ft. metal building. Call Cindy @ 541-667-2000 MLS #17544445**
- **\$65,000 - CHECK OUT THIS POTENTIAL HOME SITE! 3.94 acres at the end of a lane. Call Linda for more information @ 541-667-2000 RMLS# 15425339**
- **\$39,000 - 1.5 LEVEL ACRE COMMERCIAL PROPERTY LOCATED IN THE SOUTHERN PART OF HERMISTON. Well and septic will need to be installed. MLS #12632057 Call Cindy 541-667-2000**
- **\$385,000 - ZONED R-3 VACANT LAND IN HERMISTON. 2.43 acres with easy access and well suited for multi-family development. Call 541-667-2000 RMLS # 16266715**

398 E Ridgeway • Hermiston, OR 97838 • 1-877-668-6541 • www.hermistonhomes.net

## Purchase and Refinance Loans Available



**Angelica Garcia**  
Mortgage Loan Originator  
NMLS #249740

Proudly helping families in our community achieve their homeownership dream for over 16 years.

Permitame ayudarle a obtener su prestamo para comprar su casa.

### WIDE VARIETY OF HOME LOAN PRODUCTS INCLUDING:

- USDA ▪ VA ▪ FHA ▪ Conventional
- Rehabilitation Loans - Purchase or Refinancing
- Construction Loans - one time close with as low as 3.5% down ▪ And many more

### WE HAVE LOANS FOR JUST ABOUT ALL PROPERTIES:

- Newly Constructed ▪ Existing ▪ Bank Owned Homes
- HUD Properties ▪ Manufactured Homes
- Properties on Acreage ▪ Distressed Properties

*Morrow County Grant Welcome.*



Office: 541-289-1212 Cell: 541-720-0921  
1000 N. 1st St., Ste. B • Hermiston, OR 97838 (Beside 60 Minute Photo)

## COLUMBIA RIVER VIEW!

**\$396,500**



4.9 Acres, Fuqua Triplewide with 1872 Sq. Ft., 28x36 Detached garage with guest room, 40x60 Shop.

Call Cindy for more information.  
541-667-2000. RMLS # 17592632



541-667-200 • 1-877-668-6541  
398 E. Ridgeway Ave., Hermiston