**Title:** Onward! To Alaska! Strategies for Selling Assets (Part 1 of 2)

**Subtitle:**

**Meta Description:** Onward! To Alaska! Strategies for Selling Assets (Part 1 of 2)

**Date:** 0-1-2012

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**Formatted Content:**

**Raw Content:** Despite your thoughts about<a href="http://www.sarahpac.com/"> Sarah Palin</a>, Alaska has a great reputation when trying to recognize gain by selling assets.
[caption id="" align="alignright" width="300"]<a href="onward-to-alaska-strategies-for-selling-assets" rel="attachment wp-att-554"></a> Free Glacier Rides for Everyone![/caption]
<h4 style="text-align: left;">The Background</h4>
It is not uncommon for clients to have valuable assets that, if sold, would cause a great deal of gain. The client's dilemma is whether to hold the asset until death, thereby obtaining step-up in basis to<a href="http://en.wikipedia.org/wiki/Fair\_market\_value"> fair market value (FMV)</a> from the estate, or to transfer the asset by gift to the next generation. What makes this more difficult are the tax rules for  jointly held property, which vary from state to state.
For example, if Mary and Doug own property as a husband &amp; wife (tenants by the entirety) with a basis of $100,000 and FMV of 10,000,000, then at the first death, there is a basis step-up for only one-half of the value.  This is because one-half of the value jointly held property is included in the taxable estate of the first-to-die, which we shall say is Doug. Mary's basis in the entire property is increased to $5,050,000, which is the the sum of (i) one-half of the original basis of $100,000 belonging to Mary and (ii)one-half of the step-up in basis to $10,000,000 FMV resulting from Doug's estate.
There are other choices. One could borrow against the property and wait till death to sell or repay.  The other choice is community property.  In my example above, Mary and Doug lived in a common law state, not a community property state, the most famous of which is California.  If Mary and Doug had selected Alaska's elective community property law to a trust they established there, then the result would have been different.  On Doug's death, all of the community property is included in Doug's estate at its $10,000,000  FMV.  Mary can sell it without recognizing any capital gain or transfer it to the children who take the increased basis of $10,000,000 as their own.  No one can argue that eliminating the $9,900,000 of capital gain is not worth the effort.
As the economy improves and asset values rebound, this may be a worthwhile strategy to consider.