How to Invest in Federal Opportunity Zones

The investment capital for Opportunity Zone projects or businesses comes primarily from the unrealized capital gains of U.S. taxpayers that result when the value of their assets (land, equity shares, artwork, etc.) increases. Generally, when an appreciated asset is sold, an income tax liability is generated on the realized capital gain. However, the OZ program allows investors to defer this tax liability.

ABOUT INVESTMENTS

Through the OZ program, investors can roll the capital gains garnered from selling their assets to an unrelated individual into a Qualified Opportunity Fund within 180 days of realization to have their tax liability delayed or deferred until December 31, 2026, or until they sell their Global Report - V5 - Final Review phase. Sent printer price request investments. It is up to the taxpayer to determine how much newly realized gains to invest, when to sell or exit the investment, or whether to invest additional financial capital alongside their initial gains.

Tax benefits increase the longer investments in Opportunity Zones are held. In addition to deferring income taxes, the following benefits can be realized:

- For investments that are held for at least five years, the amount of the initial capital gains subject to taxes decreases by 10%.
- If investments are held for at least seven years, investors receive an additional 5% step-up in basis, for a total of 15%.
- If investments are held for a full 10 years, capital gains on Opportunity Fund investments are also excluded from taxable income. After settling their original tax bill in December 2026, investors will face no capital gains taxes on the appreciation of their Opportunity Zone investments.

OPPORTUNITY FUNDS

Opportunity Funds are investment vehicles (organized as a corporation or partnership) that aggregate private capital to invest in Opportunity Zone property. Investors cannot directly invest in Opportunity Zone properties, themselves; they must invest in an Opportunity Fund.

- At least 90% of an Opportunity Fund's assets must be held in Opportunity Zone properties.
- The statute does not set limits on the number of funds that can be created nor the type of investments that can be made.
- By pooling the capital of a large variety of investors, even those who lack information or wherewithal to invest their own resources in Opportunity Zone property can participate in the Opportunity Zone program.

The different types of Opportunity Zone properties in which Opportunity Funds can invest are:

- Qualified Opportunity Zone stock
- Qualified Opportunity Zone partner interest
- Qualified Opportunity Zone business

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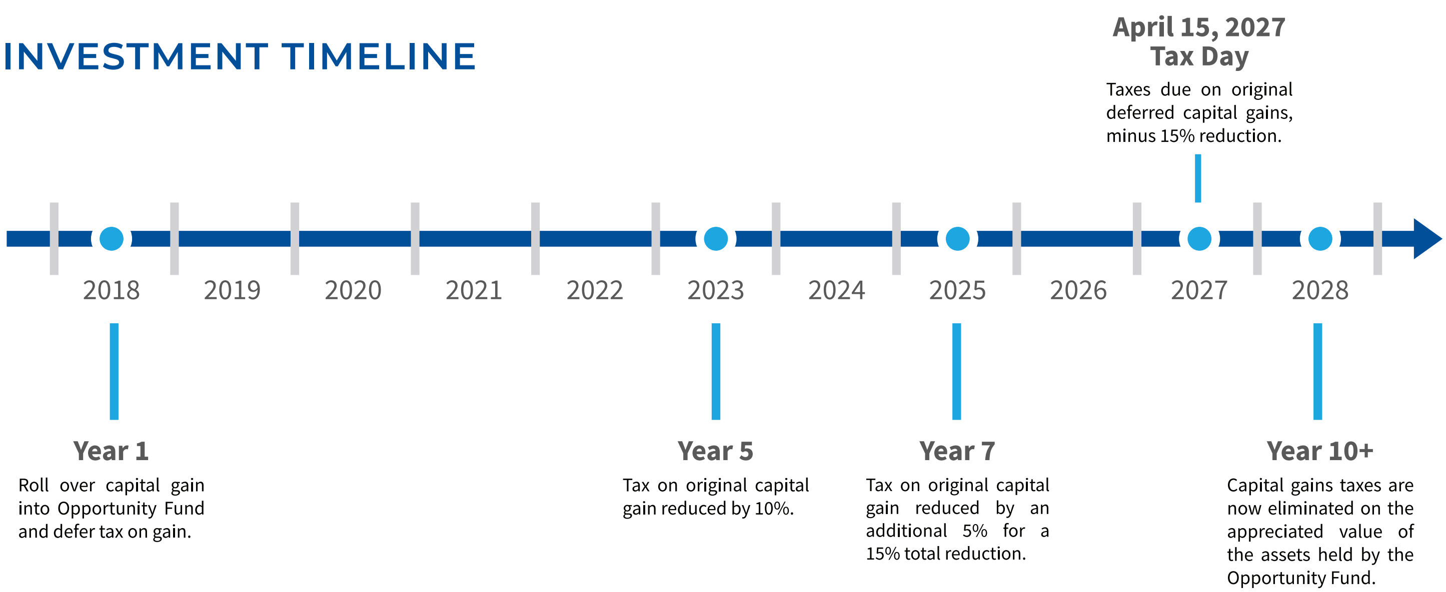
STEPS TO INVEST

1. Invest your realized capital gain into a Qualified Opportunity Fund within 180 days. Investors can invest directly into Qualified Opportunity Funds without requiring an intermediary to complete the transaction.

2. Notify the IRS that you have rolled your capital gain into a Qualified Opportunity Fund when reporting your income taxes, using IRS Form 8949.

   This step is necessary to defer and potentially reduce taxes on your capital gains.

INVESTMENT TIMELINE



Pay your deferred capital gains taxes when they become due.

If the investment has been held until the maximum deferment period (December 31, 2026) taxes will be due in 2027.

- If the investment has been held for at least seven years, the amount of the capital gain subject to tax will be reduced by 15%.
- If the investment is sold before December 31, 2026, taxes will be owed the year that the gained is realized.

3. **Potentially pay zero capital gains taxes on returns earned from your Opportunity Zone investment.** If an Opportunity Fund investment is held for at least 10 years, an investor can expect their returns to be permanently excluded from capital gains taxation. If the investment is held for less than ten years, an investor can expect to miss out on tax exclusion benefits on earnings and incur a tax liability upon realizing gains.

For more information, contact:
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