

Wealthy and Wise® Calculations for the After Tax Capital Generated by the Sale of a Business and a Personal Residence

For this, we used one of the sub-tabs on the Illiquid Assets tab in Wealthy and Wise:

The screenshot shows the 'Illiquid Assets' sub-tab selected. Underneath, 'Asset #4' is selected. The 'Liquidation information' section is expanded, showing 'Liquidate asset' checked with a cost basis of \$50,000. 'Liquidate in single year' is selected with a value of 1, and the assumed sales price is \$5,000,000.

This generated a report named "Liquid Assets Cash Flow Analysis" with this information:

Year 1

	5,000,000 Proceeds from sale of Closely-held Business	5,000,000
-	50,000 Cost basis of Closely-held Business	
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	4,950,000 Taxable gain from sale of Closely-held Business	
	25.00% Capital gains tax	- 1,237,500
	After tax cash flow from sale of Closely-held Business	3,762,500
	Cash flow reinvested in equity account	3,762,500
	Total cash flow reinvested:	3,762,500

The \$3,762,500 in after tax cash flow is included in Year 1 of Column 2 in the report named Equity Assets (Detail).

Calculations for the After Tax Cash Flow from the Downsizing of a Personal Residence

The Groves also intend to downsize their home in five years. We used the Principal Residence sub-tab on the Illiquid Assets tab in Wealthy and Wise for this calculation. It is generated in a report named "Replacement Residence Cash Flow Analysis". The \$488,140 is included in Year 5 of Column 2 in the report named Equity Assets (Detail).

Year 5

	850,854 Proceeds from sale of principal residence	850,854
-	300,000 Cost basis of principal residence	
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	550,854 Gain from sale of principal residence	
-	500,000 Less excludable gain	
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	50,854 Taxable gain from sale of residence	
	25.00% Capital gains tax	- 12,714
	Mortgage balance payoff of principal residence	- 0
	After tax cash flow from sale of principal residence	838,140
	Cost of replacement residence	- 350,000
	Cash flow reinvested in equity account	488,140