

## SENIOR SELLER'S BRIEF

A concise strategic guide focused on wealth preservation, tax navigation, and estate transitions for long-term Rhode Island homeowners.

When a home has been held in a family for decades, transitioning it involves far more than standard real estate marketing. It requires a balanced intersection of tax strategy, wealth preservation, and elder estate law.

## 1 . THE FINANCIAL & TAX LANDSCAPE

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### CAPITAL GAINS & COST-BASIS OPTIMIZATION

Long-term homeowners often possess a remarkably low historic cost basis, making them highly vulnerable to capital gains exposure that easily exceeds standard federal exclusions (\$250,000 for individuals / \$500,000 for married couples).

#### THE COMMON PITFALL: LIFETIME GIFTING VIA QUITCLAIM

Transferring ownership to adult children during your lifetime to "avoid probate" passes along your original historic cost basis. When the kids eventually sell the property, they trigger massive, completely unnecessary capital gains taxes.

#### THE HIGH-LEVEL STRATEGY: STEPPED-UP BASIS PRESERVATION

Retaining ownership within the senior's name or trust framework until death allows the heirs to inherit the property at a "Stepped-Up Basis" to current market value, legally erasing decades of historical appreciation tax liability.

## 2 . HEALTHCARE & GOVERNMENT CARE INTEGRATION

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### MEDICAID ASSET TRANSFORMATION

While a primary residence is typically classified as an exempt asset for Rhode Island Medicaid Long-Term Services and Supports (LTSS), converting that real estate into cash changes its status instantly.

#### THE COMMON PITFALL: LIQUID LIQUIDATION WITHOUT A CARE PLAN

Closing a transaction transforms an exempt property into "countable cash." If liquid assets exceed \$4,000, the senior is immediately disqualified from Medicaid support. Furthermore, any subsequent cash gifts to family members violate the strict 5-year look-back rule.

#### THE HIGH-LEVEL STRATEGY: PRE-LIST ASSET SHIELDING

Coordinate with a specialized advisor and an elder law professional before listing. Sale proceeds must be intentionally directed into legally compliant, non-countable asset classes or irrevocable trusts to preserve immediate care access.

## 3 . TIMELINE & TRANSACTION CONTROL

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### ELIMINATING RELOCATION PRESSURE

The operational stress of coordinating a sale alongside a transition into downsized or senior living environments often leads to decision paralysis.

#### THE HIGH-LEVEL STRATEGY: TACTICAL CONTRACT GUARDS

Utilize explicit contract contingencies. A "Suitable Housing Clause" ensures your current home cannot close until you have secured a new residence. Coupling this with a "Post-Closing Use & Occupancy Agreement" lets you access your equity on closing day but remain in your home for 14– 30 days, resulting in a low-pressure, single-stage move.



## SHOMARI LEWIS, SRES®

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"Out of roughly 6,000 active realtors in Rhode Island, fewer than 200 hold the SRES® designation. By aligning this core elder-transition expertise with Engel & Völkers' unmatched global reach, we ensure your generational equity remains entirely protected."