Industries Served

Airline
Automotive
Casino & Entertainment
Commercial Real Estate
Computers/Fiber Optics
Consumer Products
Financial Services
Food & Beverage
Health Care
Hotel & Convention
Insurance
Manufacturing
Newspaper
Research & Development
Restaurants
Retail Stores
Service Industry
Sports Stadiums

Schenck Business Solutions Cost Segregation Team

Skip Grubanowitch
Manager of Cost Segregation Services

Skip has over 24 years of experience in providing cost segregation studies, helping clients to defer tax payments and maximize their cash flow. He has worked with clients in dozens of industries and also specializes in providing expert witness support for construction-related issues.

Mark Vorkapich
Supervisor of Cost Segregation Services

Mark has extensive experience in cost segregation studies for new construction projects, purchase price allocations, 1031 exchanges, and look back studies. His experience also includes insurance valuation and tangible asset appraisals.

OFFICE LOCATIONS

Appleton
920-731-8111

Fond du Lac
920-921-2953

Green Bay
920-436-7800

Manitowoc
920-684-5500

Milwaukee
414-463-4411

Oshkosh
920-235-0590

Sheboygan
920-458-0341

Stevens Point
715-344-9400

West Bend
262-338-1622

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Cost Segregation Studies

What is a cost segregation study? In a cost segregation analysis, real estate assets eligible for more rapid depreciation are identified and segregated. The result? You may save thousands of dollars in after-tax income. Whether you are constructing a new building, remodeling a current facility, or purchasing land or buildings, asset depreciation decisions are critical. A cost segregation study is the best way to ensure nothing is being missed.

How does it work? A cost segregation study is a strategic tax tool which looks for all possible opportunities for accelerating depreciation. Depreciating assets more quickly and amortizing them over a shorter period of time reduces your taxable income without requiring a current cash outlay. Increasing your depreciation/amortization deductions is, in effect, a cash-free technique for enhancing after-tax income. Unfortunately, many taxpayers improperly classify "building" assets, causing income taxes to be paid sooner than necessary.

How can Schenck help? Identifying the components eligible for more rapid depreciation and supporting that treatment is not a straightforward process. In order to accurately and properly complete a cost segregation study, you need someone with construction experience and an understanding of complex real estate tax laws. At Schenck Business Solutions, we have the expertise in construction and real estate to maximize your savings. Our cost segregation team has conducted thousands of these studies and in the process has saved companies hundreds of thousands of dollars.

Some construction assets are easy to miss. Examples of qualifying construction assets that are easy to overlook are as follows:

- Dedicated electrical service used primarily for production purposes (allocating between building and process/personal property incoming power loads)
- Special temperature and humidity-controlled production areas with strict temperature and humidity production requirements
- Exhausting ductwork in place solely to serve items of personal property, like paint booths or welding areas

If you miss these items, you will overstate the building's true cost and lose the tax benefit of accelerated depreciation.

How much of the value of my property can typically be accelerated? The amount varies depending upon the type of building constructed along with other factors. Typical amounts include:

Property Type	Percentage
Office buildings (speculative)	3-5%
Office buildings (owner occupied)	5-15%
Manufacturing	30-60%
Hotels	20-30%
Hotel/Casino	25-35%
Research & Development	30-60%
Apartments	10-15%
Hospitals	20-30%
Grocery Stores	20-30%
Retail (department stores)	15-25%
Retail (specialty stores)	20-30%
Tenant Improvements	25-50%
Restaurants	25-35%

How much can I expect to save? Here are the savings just a few of our clients have realized, as well as the amount of property in each category we were able to reclassify:

Grocery Store - Project Size $5.2 million
39 year property - 66%
15 year property - 20%
7 year property - 3%
5 year property - 11%
The present value benefit (PVB) to the client was $265,000, a 44 to 1 return on their investment in the study.

Manufacturing/Corporate Office - Project Size $16.6 million
39 year property - 54%
15 year property - 4%
7 year property - 41%
5 year property - 1%
The PVB to the client was $1,380,000, a 92 to 1 return on their investment in the study.

Medical Office Building With Multiple Tenants - Project Size $5.5 million
39 year property - 84%
15 year property - 4%
7 year property - 1%
5 year property - 11%
The PVB to the client was $159,000, a 26.5 to 1 return on their investment in the study.

Doctor's Office - Project Size $635,000
39 year property - 73%
15 year property - 14%
7 year property - 1%
5 year property - 12%
The PVB to the client was $27,000, a 9 to 1 return on their investment in the study.