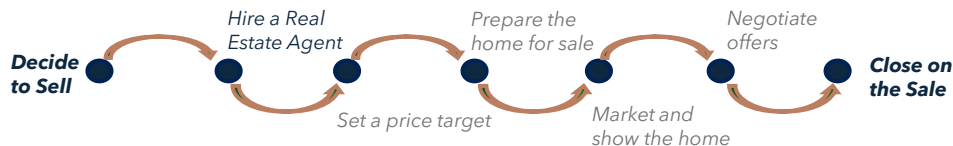


Life Events: Selling a Home

What financial considerations should be kept in mind when selling a home?

- Selling a home is a major financial decision, with significant risks and opportunities – key considerations to keep in mind include:
 - **Sale Decision:**
 - Have you figured / priced out your next living arrangement?
 - How does the sale impact your overall financial plan and your estate plan?
 - **Maximizing the Sale Proceeds:**
 - Do you want to work with a real estate agent, potentially a specialist in selling in your area?
 - Can you improve “curb-appeal” via minor touch-up improvements prior to selling the home?
 - Would your home benefit not only from a thorough cleaning / de-cluttering, but also some professional staging that emphasizes the home’s positives / de-emphasizes the negatives?
 - Have you set a “stretch-but-achievable” sale price that maximizes potential gains?
 - Have you factored in various sale costs, such as realtor fees, closing costs and potential repairs or concessions?
 - Have you developed a coherent negotiating strategy?
- Also, make sure to carefully consider potential **tax implications** (see sidebar for details)
- Lastly, while every home sale is different, here is a **typical sequence of events:**



Key tax considerations

- Gains that you recognize on the sale of a personal residence are taxable (but losses are not deductible)
- However, if the home you are selling was your principal residence, you may be able to exclude up to \$250,000 of gain from taxation (\$500,000 in the case of a married couple)
- To qualify for this exclusion, you generally must have owned and used the home as your principal residence for 2 of the last 5 years
- If you are forced to move due to a change in employment, health, or other unforeseen circumstances before you have lived in your home for 2 years, you may qualify for a partial gain exclusion
- Save those receipts! The cost of improvements you made to the property while you owned it can be added to your cost basis, reducing the amount of taxable gain you realize when you sell, so keep good records

Supporting Information

Last Reviewed

01/13/2025

Key Sources / Further Reading

- I.R.S. [Pub. 523 - Selling Your Home](#)
- I.R.S. [Pub. 530 - Tax Information for Homeowners](#)

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