# The Real Cost of Waiting

By Timothy C. Franklin · June 17, 2026 · 8 min read

When I was studying for my CFP, my professor told me everyone gets three real opportunities in their lifetime to build genuine wealth. To capitalize: recognize the opportunity, be in a position to act, and have the courage to pull the trigger.

During the housing crash of 2008 to 2012 I had the chance to buy a bank-owned home in Dana Point, California for $350,000. I passed. That house is worth more than $2.5 million today. It is one of the real missed opportunities of my life.

Most property owners face that same three-part test with cost segregation. And most of them keep saying the same thing. Let me get through this quarter first. My CPA handles all of that. I am not even looking at taxes until next year.

## The Soft Deadline Trap

There is no hard deadline on a cost segregation study. You can order one any time you own a qualifying property. But there is a soft deadline, and it is real.

Cost segregation is a specialized discipline. The engineers and analysts who perform these studies are not an unlimited resource. They all face the same calendar you do. When March approaches, the phones start ringing. When April looms, the queue fills. Every property owner who made the same quiet promise — I will get to it before the deadline — calls at the same time. Slots go fast.

The result is that waiting until it feels urgent is functionally identical to not acting at all.

> *Waiting until it feels urgent is the same as waiting indefinitely. The calendar moves. The queue fills. The deadline passes. And the deduction sits uncaptured.*

## The Math You Are Not Running

There is a principle in finance called the Rule of 72. Divide 72 by your annual rate of return and you get the years it takes for your money to double. At 10%, money doubles every 7.2 years. But you own commercial real estate and run a business. Returns of 20, 30, even 50% are not unusual for people who own the thing they are deploying capital into.

| Annual Return | Years to Double |
|---|---|
| 10% | 7.2 years |
| 15% | 4.8 years |
| 20% (typical business owner) | 3.6 years |
| 30% | 2.4 years |
| 50% | 1.4 years |

A $2 million commercial building will typically produce between $150,000 and $250,000 in accelerated deductions in year one. At a 35% effective tax rate, that is $52,500 to $87,500 that should be in your account. Call it $70,000 for the math.

That $70,000, reinvested at 20% returns, doubles in 3.6 years. In seven years it is $280,000. Every year you wait is a year you do not feed it.

**THE REAL NUMBER**
The question is not how much can cost segregation save me? The right question is what will that money do in my hands versus sitting uncaptured? For a business owner at 20% returns, $70,000 recovered today is worth over $280,000 in seven years. Waiting one year costs you that first compounding cycle.

## Year One Money Has a Job

When a cost segregation study is filed, it lowers your tax liability in year one. Not eventually. This year, on this return. Most property owners who recently acquired a building have a list: repairs, systems to upgrade, aging HVAC, deferred roofing. Those get deferred because capital is tight after closing. That capital, freed up through cost segregation, can fund that list.

HVAC improvements, upgraded lighting, and building envelope work qualify for the Section 179-D energy deduction, up to $5.65 per square foot. Those improvements also generate their own depreciation. The study funds the upgrades. The upgrades generate the next deduction. The deduction funds the next cycle.

## What to Do With This

The property owners who capture these benefits share one trait. They did not wait until March or April to start thinking about it. They ordered the study when they had time, got the refund in year one, funded the upgrades, and are now in the second cycle of a machine most of their peers do not know exists.

The cost of doing nothing is not zero. It never was. Run the three-part test: either you do not know about it (but you are here reading this), or you are not in a position to act (the study pays for itself many times over), or you are afraid (but this is not a loophole — it is in the tax code, Congress put it there for you).

IRS OFFICIAL REFERENCE

**IRS Publication 946: How to Depreciate Property (IRS.gov)**

Official IRS guidance on depreciation schedules, bonus depreciation, and property classification.

### The Window Is Open. The Queue Is Not.

A conversation costs nothing. A cost segregation study scoping call takes 20 minutes and tells you exactly what your building qualifies for, before the season fills the calendar.

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