

# Questions & Answers

## ABOUT GIVING REAL ESTATE

### Charity Can Begin at Home

Most people don't think of using real estate to make a charitable gift. Property such as a house, condominium, vacation home or farm may constitute a significant percentage of people's assets—and can be an option when making charitable gift plans.

### Answers to Frequently Asked Questions

#### **Q. What type of real estate can I give?**

**A.** You can give almost any type of marketable real estate, including a residence, vacation home, rental property, commercial property or even undeveloped land. If you own such property, you might consider donating it now or through your estate plans.

#### **Q. How do I give property?**

**A.** There are many ways to give real estate. The type of property, your tax situation and your personal objectives will determine which method is best for your circumstances.

An outright gift of real estate allows your gift to make a difference now and will usually result in significant tax savings.

Leaving real estate to a charity through your will or living trust is another way to make a significant future gift without affecting your current economic security.

#### **Q. Is there a way to make a gift of real estate and receive an income in return?**

**A.** Yes. You may transfer property to a charitable trust. When the property is sold, no capital gains tax will be due.

You and/or someone you name can receive income based on the full value of the property for life or for a number of years. When the trust terminates, the remainder will be devoted to the charitable purposes you choose.

## **Q. Can I give my residence and continue to live there?**

**A.** Through a **retained life estate**, it is possible to give a home or farm and continue to live there for the remainder of your lifetime. You receive an immediate income tax deduction and can continue to enjoy the use of the property for your life or for a period of time you decide. Afterwards, the charity owns the property outright.

## **Q. What are the advantages of making a gift of real estate?**

**A.** Some of the biggest advantages are:

- You may typically claim an income tax deduction based on the full current value of the property.
- In most cases, you will avoid capital gains tax on any increase in the property's value since you acquired it.
- Gifts of real estate can offset up to 30% of adjusted gross income in the year of the gift if you itemize.
- Unused income tax deductions can be carried forward for up to five years.
- If you own income-producing property, you may be able to maintain or increase your income while eliminating management responsibilities.
- There is no limit to the amount of charitable gifts that can be deducted from one's estate.

## **Q. Are there any special considerations?**

**A.** When considering a gift of real estate, keep the following in mind:

- Ideally, the property should be salable.
- Mortgaged property calls for special attention to the way it is given.
- To meet IRS requirements, you will need to obtain an appraisal from a qualified appraiser. (See IRS form 8283 and instructions for more information.)
- The exact tax savings depends on your specific situation. IRS publications 526 (Charitable Contributions) and 561 (Determining the Value of Donated Property) provide an overview of contributions of property and tax reporting of gifts. These forms are available online at [www.irs.gov](http://www.irs.gov).

## **More Information**

Contact us if you are considering a gift of real estate. We will determine if we can accept a particular property and will work with you and your advisors to ensure the gift fulfills your personal objectives.