

# Questions About Giving Real Estate

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## Charity Can Begin at Home

Most people don't think of using real estate when they consider making a charitable gift. Property such as a house, farm, condominium or vacation home constitutes a significant percentage of many people's assets—and can be an important philanthropic planning tool.

As with most other charitable gifts, real estate gifts may be tax deductible and can offer a number of personal and financial planning advantages.

## 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 or commercial property and undeveloped land. If you own readily marketable property, you might consider donating it, either now or through your future estate plans.

### Q. How can 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 strategy is most appropriate.

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

Leaving real estate to a charitable interest through your will or living trust may offer an efficient way to make a significant future gift without impacting your current situation.

### 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 set 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 still continue to live there?

A. In some cases it is possible to give your home or farm and continue to live there for the remainder of your lifetime. This arrangement is called a **retained life estate**. You receive an immediate income tax deduction and can continue to enjoy the use of the property for your life or other determined period of time. After that, the charity owns the property outright.

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

A. Some of the main 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 percent 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 property, you may be able to maintain or increase your income while eliminating management responsibilities.
- There is no limit to the value of charitable gifts that can be deducted from one's estate.

### To Summarize:

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

- The property must be readily salable.
- Mortgaged property calls for special attention to the way in which it is given.
- To meet IRS requirements you will need to obtain an appraisal from a qualified appraiser.
- The exact tax savings depends on your specific situation.

### **More Information**

Contact us to discuss the gift you are considering. We will work with you to ensure that your gift meets your charitable and personal objectives, as well as ours. You should also discuss your plans with your financial advisor or attorney.

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