

A Few Guidelines . . .

- The IRS imposes certain limits on the amounts that donors can deduct. These limitations may mean the deduction must be spread over several years.
- The property must be free of debt.
- Donors will need a qualified appraisal to substantiate their deductions.
- The Foundation will need to conduct an environmental assessment of the property before it can be accepted.
- All of this takes time. Donors who want to be certain of a deduction in a current tax year should begin the process by Labor Day.

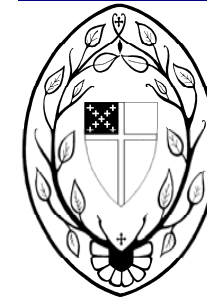


The above information is intended to provide a broad overview of ways to give real property

Why Include the Church?

Early in the church's history, Christians began including the church when they planned who would inherit their worldly goods. Through the centuries, Christians have reached out with gifts **great and small** even after their earthly lives have ended, to continue building and strengthening Christ's church and ministering to those in need.

Indeed, the Book of Common Prayer urges parents to make "prudent provision for the well-being of their families," and it urges all persons to "make wills, while they are in health . . . not neglecting, if they are able, to leave bequests for religious and charitable uses." [BCP, Page 445]



GIFT PLANNING:
HELPING
YOURSELF
AND YOUR CHURCH,
TODAY AND
TOMORROW

If you would like more information, please go to our website www.dncweb.org/foundation

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Giving Real Property



While bequests through wills are the most common technique, some people find it pays to make the gift during their lifetimes. This is especially true for gifts involving real property.

Potential Benefits

Benefits to giving real property may include some or all of the following:

- A substantial tax deduction;
- Saving expenses on property that generates bills but no income;
- Relief from the burden of management responsibilities;
- Income for life, based upon the property's full value -- **without erosion to capital gains taxes.**

Types of Property Gifts

Raw Land - Giving raw land can be especially useful. While the property can take years to sell, the donor is immediately relieved of property taxes and any other expenses, while gaining a valuable deduction.

Rental Property - Many people invest in rental property only to find one day that managing it has become a burden; yet, selling would be too costly: depreciation has lowered the cost basis and the capital gains taxes would be horrendous. Giving the property can be a relief, while providing an alternative income for life if given to a trust.

Commercial Property - The same principle applies to commercial property, which may often take months or even years to sell.

A Vineyard, Farm, Ranch, or Personal Residence - Special rules apply to these assets, which make it possible for donors to "give" the property but continue to own it for the remainder of their lives. Or, if they're ready to sell, they can donate it to a trust and get income for life.

Ways of Giving

The ways to give real estate are as varied as the types of real estate. The most commonly used methods include the following:

Outright - An outright gift of property is the simplest way to give and provides the largest deduction.

Fractional Interest - Donors who are contemplating a sale of property can first give an undivided fractional interest to the church. They avoid some gain on the sale, while receiving a charitable deduction.

Bargain Sale - Donors who own property a church wants to acquire can sell it to the church for less than its fair market value and receive a deduction for the difference between purchase price and value.

Gift to Trust - Donors with highly appreciated property can give the property to a special trust. The trust sells the property, without paying capital gains taxes, and the entire proceeds go to work to generate an income for the donor.

Retained Life Estate - Donors of a vineyard, farm, ranch, or personal residence can give a remainder interest in the property to the church. They continue to use the property for the rest of their lives, while receiving a substantial income tax deduction for the value of the remainder interest.

