

Gifts of Real Estate



Open the Door to
More Generous
Giving

L A C C
LOS ANGELES CITY COLLEGE
F O U N D A T I O N

Does Making a Charitable Gift of Real Estate Make Sense for You?

Would you like to make a meaningful gift to support our work? Do you own real estate that you no longer want? A gift of real estate opens the door for you to make a significant impact on our future.

There are a number of reasons why people make gifts of real estate to support the causes that they care about. The benefits of making a gift of real estate include:

- Supporting a favorite cause.
- Improving liquidity by eliminating expenses normally associated with property ownership.
- Receiving an income tax deduction based on the fair market value of the real estate.
- Avoiding capital gains tax that you would owe if you sold the real estate.
- Putting an end to other problems, such as tenant issues, that may arise with certain properties.

What Types of Real Estate Can You Gift?

There are several types of real estate that can make an excellent gift to support our cause:

- Personal residence or vacation home
- Income-producing properties such as a rental home, vacation property or commercial real estate
- Undeveloped land, farm and agricultural land or ranch land
- Land with significance, held to be protected or preserved

How to Make a Gift of Real Estate

Most types of real estate can be given to charity by signing or executing a deed transferring ownership. You can deed all you own and, in some cases, partial ownership of your real property to support our cause. Before executing a deed to gift your property, especially if ownership is jointly held or held in a business entity such as a limited partnership, please contact us.

There are a number of strategies that can be used in conjunction with gifts of real estate. Each has unique advantages.



The right strategy for you will depend on your personal circumstances, your goals and the kind of real estate that you own.

Strategies for Gifts of Real Estate

1. Outright Gift

The simplest way to make a gift of real estate is to deed your property outright to charity.

2. Partial Gift and Joint Sale

This is an excellent option if you need some cash from the sale of property, such as to pay off mortgage debt. This approach involves making a gift of an undivided interest in the property to us and then a joint sale of the property. You can avoid capital gains tax on the part our organization sells. In addition, you would receive a charitable income tax deduction based on the value of your gift. That deduction could partially, or even fully, offset any capital gains taxes you would owe from selling your part of the property.

3. Bargain Sale

With this approach, you would sell the property to us for less than fair market value. Similar to the partial gift and joint sale approach, you can avoid capital gains on the difference between the property value and sales price and also receive a deduction for that amount. In addition, you receive cash proceeds from the sale.

4. Charitable Remainder Unitrust

With this strategy, you create a special trust and transfer the property to the trust. The trust can sell the real estate without paying capital gains tax and then invest the sales proceeds. The trust will pay you, or you and a loved one, income for life, after which, we would use the remainder to support our work. You receive a deduction based on the amount that is given to charity.

5. Life Estate

This strategy provides you with a current income tax deduction for making a future gift of your home, vacation home, farm or ranch to charity now, while allowing you the right to continue to use the property for the rest of your life.

Definitions

Bargain Sale

The sale of an asset to a charity for a price that is less than fair market value. The donor receives cash and is allowed to take a charitable income tax deduction for the difference between the fair market value and the cash amount received.

Charitable Remainder Trust

A tax-exempt, irrevocable trust that is funded by a charitable donation and which pays income to individual beneficiaries for life or a set number of years, after which the remaining trust assets are transferred to one or more designated charities.

Life Estate

A charitable gift that involves the donor transferring their home, farm or ranch to charity while reserving the right to live there for life. The donor receives a deduction based on the value transferred to charity.



May We Help You?

If you have questions about how to make a gift of real estate, or which strategy may be right for you, please contact us. We would be pleased to assist you and answer your questions.

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