



Giving Real Estate

If you've owned your home or other real estate for a long time, no doubt it has increased in value appreciably. What happens if you sell the property?

In many cases, if you do not meet the requirements of available tax breaks, you must pay capital gains tax on the property's appreciation.

If you'd like to help meet our critical needs, your property opens the door to a unique giving opportunity; donate the property to Edgewood Children's Center, either now or whenever you no longer need it.

Exceptional gift options with benefits for you

Outright gift. Perhaps you're ready to move into a smaller house, a condominium or a retirement home. Maybe you have a vacation home you no longer use.

The appreciated home you're leaving can be given to us outright. If you have owned it for more than a year, you receive a tax deduction for the full current market value (rather than your lower cost basis), and you avoid capital gains tax on the appreciation. Your gift is deductible up to 30% of your adjusted gross income, with a five-year carryover allowed for any excess.

Retention of your home. You may want to continue living in your home for your lifetime (with life use for your surviving spouse too). You can still make the gift, deeding the property to us, subject to your specifications about occupancy. You get a sizable, current income tax deduction based on the value of the property and your age (and your spouse's age).

Example: *Jane, a widow aged 60, donates a remainder interest in her home, subject to her right to live there for life. At the time of her gift, the property has a market value of \$250,000 (the house at \$200,000 and the land at \$50,000). Her accountant, using the required IRS table to discount the gift based upon Jane's life expectancy and a 45-year useful life for the house, determines her income tax charitable deduction to be approximately \$76,470.*

Charitable Remainder Trust. Another alternative is to transfer your unmortgaged home or other unmortgaged real estate after you no longer live there to a charitable remainder trust. This can be a productive gift for both of us, securing a life income for you and a survivor (such as your spouse), and providing ECC with much-needed assistance when the remainder comes to us at the termination of the trust.

Once the property has been transferred to the trust, the trustee can then sell it and invest the proceeds in income-producing securities, which become the source for the income payments to you and any other recipient you name.

Other Possible Real Estate Gifts

A gift of real estate isn't limited to your main personal residence. If you own more than one home and one sits idle, or you prefer not to retain ownership of one of them for some reason, or you have a little-used vacation home, for instance, you have a potential gift of real estate.

Implications of a sale versus a gift

When you sell your home, you can exclude up to \$250,000 of gain (\$500,000 if you're married), as long as the home was your principal residence for two of the last five years. But, this exclusion isn't available for a second home, a vacation home or a gift of a remainder interest. Moreover, your gain on a sale may exceed this amount, thereby generating some reportable capital gains. None of these sale options generates a charitable deduction like a gift to Edgewood Children's Center does.



Property Sharing: Undivided Interest

Are you interested in making a gift of real estate but not ready to give up the full value? Consider a gift of an undivided interest in the property. With this type of gift, Edgewood Children's Center has the right to use, lease or receive income from the entire interest of a portion of the property.

Transfers of undivided interests are frequently used for gifts of vacation homes or land. If the gift is a vacation home, for example, Edgewood Children's Center can lease the home for six months of the year and benefit from income generated during that time.

If you make a gift of a 50% undivided interest of real estate, you receive a charitable deduction of 50% of the real estate's value.

An undivided interest in land can also fund a charitable remainder trust. Donors usually choose the unitrust, which has the flexibility of delaying payments to the donor until the real estate is sold and the trust is liquid.

This method is ideal for the person who wants to make a gift but cannot part with the entire value of the land. Typically, the donor and Edgewood Children's Center sell the land together and each takes its share of the sale's proceeds.

A planned gift qualifies you for ECC's Ann M. Perry Legacy Society.