

# Samford

## Gifts of Real Estate ... A Charitable Alternative That Helps You AND Us

*About to sell a residence, vacation home, commercial or investment property, or farm? Before you face that capital gains tax, consider the charitable alternatives that help you, while they're also helping us.*



## Consider the Alternative ...

Gifts of real estate often deliver a much larger value than gifts of other assets. Read this brochure before making a commitment.

About to sell a residence, vacation home, commercial or investment property, or farm? Before you face that capital gains tax, consider the charitable alternatives that help you while they're also helping us.

You've held on to a tract of undeveloped land for over 25 years. You bought it for \$25,000 and have been maintaining and paying taxes on it ever since. Finally, a local developer is considering paying you \$1 Million for the site. You're dreaming about where you'll spend all those proceeds.

Wait — there are a few things you'd better consider first. For example, what about capital gains? If you sell the property, you will incur a taxable gain of about \$975,000. Do you really want to pay the IRS \$146,250 right off the top, from the value that you've been building up for over two decades?

There are creative alternatives to selling real estate and paying the tax bill in full. A transfer of real estate can benefit both you and us.

## Why should you consider using real estate to make a charitable gift?

1. You can take a tax deduction based on the fair market value of the real estate, no matter what you originally paid for it. If you own real estate that has a low cost basis, this tax incentive can make a gift of real estate much more advantageous than giving cash. In addition, a real estate investment may have appreciated more significantly than your securities, meaning that you'll avoid more capital gains tax — thereby making your gift even “cheaper” — by giving the real estate rather than making a gift to Samford in the same amount using securities.
2. You can avoid or offset capital gains tax on real estate you donate. Although there is a capital gains tax exclusion of \$250,000 on the sale of personal residences (\$500,000 for couples filing jointly), you can still offset the tax on any gain that exceeds the exclusion amount by giving a portion of your property and generating an offsetting income tax deductions. (Farm, undeveloped land, commercial and rental properties do not enjoy the benefit of the \$250,000 residential capital-gains-tax exclusion, so they are even better candidates for donation.
3. You can reduce your estate tax by donating real estate. Giving real estate — typically a high-value asset — remains one of the most effective ways of lowering your estate tax exposure, especially if your children or heirs do not want or need the property in question.

4. You can tailor your gift to achieve your objectives. Real estate can be used to fund gifts in a wide variety of ways. Here are a few that you might not have considered:
- Want a current income tax break? You can give real estate during your lifetime.
  - Want to lower future estate taxes? You can give real estate through your will or revocable trust.
  - Want to give us a portion, but not all of your real estate holdings? You can give us a percentage interest (called an “undivided fractional interest”).
  - Need income, or want to direct income to your heirs? You can give real estate to a charitable remainder trust and receive income for life or for a term of years.
  - Need a lump sum of cash to pay off a mortgage or for the entry fee into a retirement community? Consider a charitable bargain sale.
  - Want to make a gift but also continue living in your home? You can give us your home or vacation cottage, take a charitable deduction, and retain the right to live in it or use it for life or a term of years (that's called a “Retained Life Estate”).

We are ready to show you and your advisors how a gift of real estate can work for you.

## Contact Information

Planning your estate and legacy for future generations including your charitable interests takes careful evaluation. Consulting with the appropriate professionals can assist you. Discussing your charitable intentions with us can lead to a much better result than going it alone — and will ensure that your gift is used just as you wish. We can provide valuable information about any of the creative giving techniques mentioned in these planned giving pages.

Act now to take the steps that you need to do to be a good steward of the resources you intend to leave behind. You can contact me below, or use our request for information form on our website to get more information.

Stan Davis

Director of Gift & Estate Design

Phone: (205) 726-2366

Email: [csdavis@samford.edu](mailto:csdavis@samford.edu)

