



HOW DO GIFTS OF REAL ESTATE WORK?

Gifts of real estate can vary widely, but they are an excellent choice for those who want to use illiquid assets for charitable giving. Donors provide a property appraisal and other necessary documents. CCF makes the process easy, selling the property after it is contributed and, in some cases, managing it until it is sold.

WHAT ARE THE MOST COMMON WAYS TO DONATE REAL ESTATE?

- **Outright gifts of real property** – You may be able to take a charitable deduction of the fair market value of the contribution in the year of the gift, up to 30 percent of your adjusted gross income. If the amount is greater than what can be used in one year, the excess deduction can be carried forward for up to five years

keybenefit

Elimination of capital gains tax on the property's appreciated value

- **Retained life estate** – You can make a gift of a primary residence or vacation home but retain the right to live in or use the property during your lifetime. Upon your death, avoid the delay and expense of probate since the property is already in CCF's name. You take a tax deduction at the time of the gift, determined by the property value, your age and current interest rates

keybenefit

Immediate tax deduction and the right to live in the property during your life

at a glance

Real Estate

- Receive a significant charitable tax deduction for outright gifts
- Create an income stream for yourself or a loved one
- Contribute more than you might otherwise with cash equivalents

- **Gifts providing income** – Gifts of property can be made to a Charitable Remainder Trust that pays you or others an income for life or a set period. Avoid up-front capital gains taxes and take an income tax deduction based on the value of the foundation's remainder interest

keybenefit

Immediate tax deduction and a lifetime income stream for you or a loved one

- **Gift by bequest** – Gifts of real estate can also be made by incorporating a bequest into your will or living trust.

keybenefit

The ability to qualify for an estate tax deduction at fair market value by reducing the value of the taxable estate

WHAT ARE THE ADDITIONAL BENEFITS OF CONTRIBUTING GIFTS OF REAL ESTATE?

- CCF has set up procedures for gifts of real estate to limit liability exposure for you and CCF
- Create liquidity for philanthropic giving with illiquid assets
- Support multiple charities through your gift rather than just one
- Better tax deductions available through a Donor Advised Fund, at fair market value up to 30 percent of the adjusted gross income, compared with a private foundation at cost basis

real estate contributions in **action**

A donor with an unused vacation condo faced a capital gain of \$100,000 if she sold it, so she decided to start a Donor Advised Fund with it. With her gift, she avoided capital gains taxes and could claim the condo's fair market value (\$300,000) up to 30 percent of her adjusted gross income. CCF sold the property and she was able to start giving right away.

CONSIDERATIONS

- Donors are responsible for any costs associated with completing the gift transaction, including appraisals and legal, title and other ancillary fees
- CCF does not pay for legal assistance, appraisals or other services on behalf of the donor
- Properties subject to debt are typically not ideal for charitable gifts
- CCF may refuse any offered gift of real property that is judged not to be in its best interest
- CCF will not accept property with a fair market value of less than \$100,000
- CCF has complete discretion regarding when to sell the property and at what price – however, CCF will attempt to avoid selling the property at a distressed price
- After the gift is made, CCF will manage and work to sell the property as soon as possible
- All accrued costs to CCF regarding the property are deducted from the final sale proceeds
- Prior to the property sale, CCF will not advance funds for grants or for expenses associated with the property (i.e., commissions, real estate taxes and utilities)

DONOR RESPONSIBILITIES

- Obtain a qualified appraisal complying with IRS regulations to establish the value of the gift for federal income tax purposes
- Other due diligence is required. Contact CCF for a copy of our due diligence procedures.

To make a charitable gift of **Real Estate**, contact Vice President of Development & Donor Relations Teresa Mosqueda at tmosqueda@calfund.org or (213) 452-6298.

IMPORTANT LEGAL DISCLOSURE

The information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice.

The California Community Foundation does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation's board of directors.