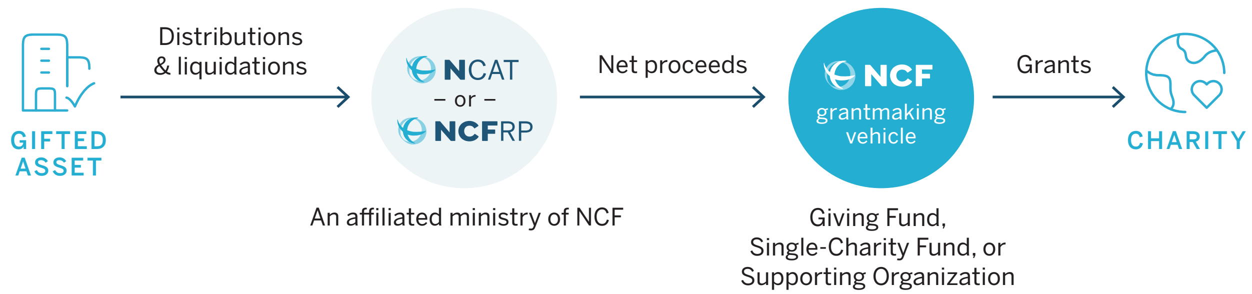
HELPING REAL ESTATE OWNERS MULTIPLY CHARITABLE IMPACT

Use real estate to fund charity

Many real estate owners or investors have a heart to give to charity but feel hindered by their limited cash flow. Giving appreciated real estate to one of the National Christian Foundation's affiliated ministries can be a great way to increase your giving. When you make a gift of real estate (raw land, residential, and/or commercial real estate), capital gains taxes are likely reduced or eliminated on our portion of the asset, and you can claim an income tax deduction for the gifted portion, freeing up additional cash flow for more giving.



The benefits of giving real estate

- Maximize charitable impact.
- Retain cash by gifting assets.
- Potentially reduce your income taxes with a fair market value deduction for the gifted asset.
- Move more dollars to charity by potentially avoiding or reducing capital gains taxes on the gifted portion.

The results of giving real estate

This table shows the impact of giving a $1.5M piece of land with a $150,000 cost basis and no debt.†

	FAMILY	TAXES	CHARITY
Sale of real estate – gift of cash	$401,000	($62,000)	$1,161,000
Give real estate – future sale	$538,000	($538,000)	$1,500,000
Difference	$137,000	($476,000)	$339,000

As a result of giving assets vs giving cash, **$339,000** more would go to your favorite charities and potentially **$476,000** less in taxes.

†Other assumptions: 37% tax rate + 3.8% NIIT, $1.5M of other AGI, $350,000 of straight-line depreciation taxed at a 25% rate, $0 QBI deductions, and married filing jointly.

Questions for discussion and custom illustration

- How long have you owned the real estate?
- What would you estimate to be your current tax basis?
- What would you estimate to be the fair market value?
- What has been the historical use of the property?
- Is there any debt associated with the property? If so, how old?
- Do you receive any income from the property?
- Has an environmental report been completed in the past (if non-residential property)?
- Have you already agreed to sell the property?

A closer look at the table on page 1

The table below shares more details of the example from the previous page, providing assumptions and context of the real estate gift.

Sale of real estate – gift of cash

FAMILY	TAXES	CHARITY
$401,000	**($62,000)**	**$1,161,000**
You make a cash gift of $1,161,000 ($1.5M sale proceeds - $339,000 tax) after selling the property. You claim a charitable deduction of $1,084,700 ($1,161,000 gift - $14,300 charitable floor - $62,000 itemizer reduction). The potential income tax savings are $401,300 ($1,084,700 deduction x 37% federal tax rate).	You sell the property first, triggering a long-term capital gains tax and NIIT of $339,000 ($1.5M sale - $150,000 basis = $1,350,000 capital gain; $350,000 x 28.8% (recapture + NII tax rates) + the remaining gain of $1M x 23.8% (capital gains + NII tax rates) = $339,000 tax). This may be offset by the estimated $401,300 in tax savings from the deudction of the post-sale cash gift which potentially saves an additional $62,000 in taxes by offsetting other income.	Only $1,161,000 goes to giving, since you're giving from the after tax proceeds ($1.5M - $339,000 in federal taxes).

Gift of real estate – future sale

FAMILY	TAXES	CHARITY
$538,000	**($538,000)**	**$1.5M**
You make a gift of property worth $1.5M and claim a charitable deduction of $1,453,000 ($1.5M gift - $7,500 charitable floor - $39,500 itemizer reduction). At a rate of 37% x a $1,453,000 deduction, your family could potentially save $537,600 in taxes. Because you gave the property away and the charity sold it, the sale proceeds do not increase your AGI and reduce the negative impact of the charitable floor.	Since a public charity owns the asset at the time of sale and there is no debt on the property, no capital gains or NIIT tax is owed. Your family receives the value of the charitable deduction that may save you $538,000 in taxes.	The full $1.5M goes to giving, since we pay no capital gains tax or NIIT on the gifted property.

As a result of giving assets vs giving cash, **$339,000 more** would go to your favorite charities.