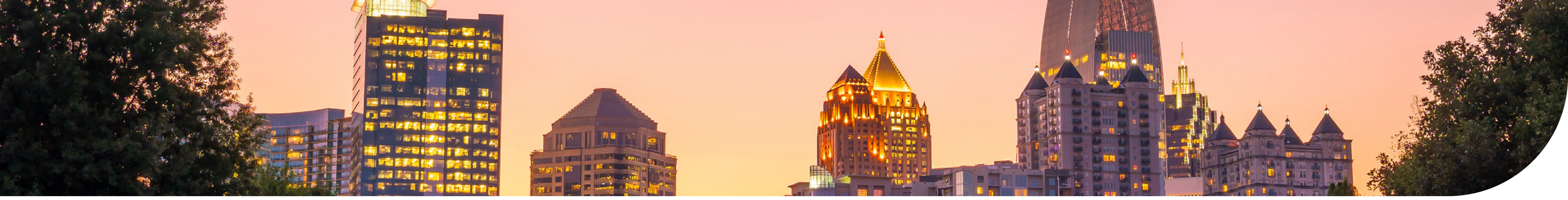
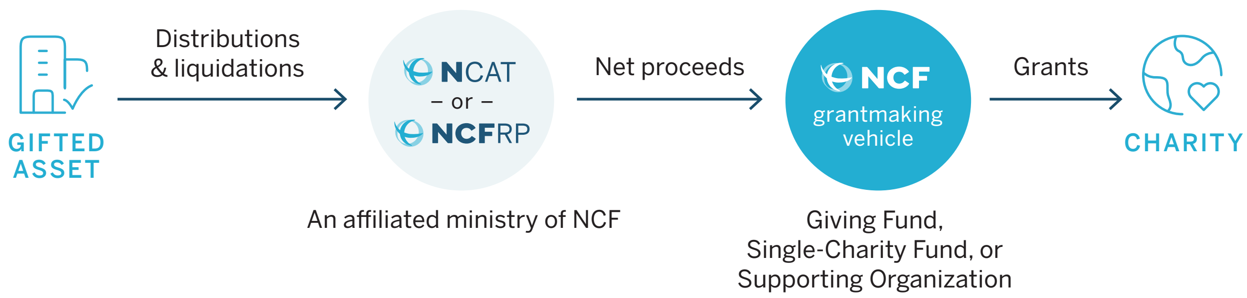


GENERATE MORE CHARITABLE IMPACT WITH INCOME-PRODUCING REAL ESTATE

Use rental income to fund charity

Many generous people with income-producing real estate have a heart to give charitably but feel hindered by their limited cash flow. Income-producing real estate can be a great way to increase your giving. Your team at the National Christian Foundation (NCF) will come alongside you and your advisor to help you consider how income from real estate may become an engine for your continued generosity.



The benefits of giving real estate

- Maximize charitable impact now, even if liquidation is not expected in the near term.
- Retain cash by gifting assets.
- Increase charitable cash flow for more giving, because annual income from the portion that is gifted to us may have reduced tax or no tax at all.
- Claim a fair market value deduction for the gifted asset, potentially reducing your income taxes.
- Potentially reduce capital gains, as we will likely pay reduced or no capital gains tax on our portion in a future sale.

The results of giving real estate income

This table shows the impact of giving a 100% interest in a $1.5M rental property, which produces $100,000/year in rental income, assuming the giver generally reports $1M in income.

	ANNUAL	5-YEAR TOTAL
Tax savings from the non-cash deduction	$109,200[†]	$546,000
Charity tax savings on future income	$40,800[†]	$204,000
Ongoing charitable cash flow	$100,000	$500,000
Reduction in capital gains tax if/when sold	100%	

[†]Giver's tax savings from a charitable deduction can be used to fund additional giving or investing.

Questions for discussion and custom illustration

- How long have you owned the real estate?
- What do you estimate to be your adjusted cost basis?
- What do you estimate to be the adjusted tax basis?
- What has been the historical use of the property?
- Is there any debt associated with the property? If so, how old?
- Does the property produce consistent net income? If so, how much?
- Has an environmental report been completed in the past (if non-residential property)?
- Would the property be considered inventory? In other words, are you a dealer in property?

A closer look at the table on page 1

The table below is a duplicate of the one on the first page of this document, along with various assumptions and explanations of the gift of real estate to provide more context.

	ANNUAL	5-YEAR TOTAL
Tax savings from the non-cash deduction		
• You receive a charitable deduction for the fair market value of the gifted interest (100% of $1.5M). • This assumes your annual AGI is $1M (non-cash deductions capped at 30% of AGI or $300K/yr, so $1.5M deduction spread over 5 years). • Personal taxes are reduced by $109,200 annually (37% federal x $300K annual charitable deduction - charitable floor - 2/37 itemizer deduction reduction = $109,200/yr for 5 years).	$109,200†	$546,000
Tax savings captured for future granting		
• In this scenario, 100% of the annual rental income ($100K) is allocated to us and is no longer taxable to you. • This could save $40,800 per year in taxes and increase charitable granting on that income (37% federal + 3.8% NIIT = 40.8% x $100K = $40,800).	$40,800†	$204,000
Ongoing charitable cash flow		
• 100% of the annual rental income ($100K) comes to us tax-free each year, since the property is debt-free. • The net proceeds from the “charitable cash flow” goes to a grantmaking vehicle like a Giving Fund for more granting.	$100,000	$500,000
Reduction in capital gains tax if/when sold		
• Since we own 100% of the asset as a charitable owner, if and when the property is sold, we would not have to pay capital gains tax on our portion, freeing up even more money for charity.	100%	

†Giver’s tax savings from a charitable deduction can be used to fund additional giving or investing.

The table shown is for illustration purposes only and includes assumptions on tax rates, business types, and structure, which may or may not apply to you. So, there is no assurance that the savings depicted can or will be achieved. These calculations are made without including OBBBA’s limitation on itemized deductions and charitable contribution floor for tax year 2026 and forward. After the IRS issues guidance on implementation of those provisions, we will update the calculations accordingly. Consult with your attorney, financial advisor, and/or tax advisor to analyze your particular situation before proceeding.