4 WAYS TO DONATE REAL ESTATE
Before You Put Out the ‘For Sale’ Sign

CONSIDE A GIFT OF REAL ESTATE

If you've lost interest in home maintenance, grown tired of paying property taxes on a vacation home you no longer use or need only a portion of the living space you currently own, you may be ready to make a move. But before you summon the energy to put your home on the market, think about a charitable gift to the University of Maryland.

If you would like to help future Terps succeed, your property can open the door to a unique giving opportunity: Donate the property to the University of Maryland College Park Foundation, either now or whenever you no longer need it. You can give the property now, retain the use of it for life, give partial use, place it in trust, or give it by will.

Let's look at the various ways to donate real estate along with the potential tax savings and benefits of each.

1. Donate Property and Secure a Deduction for the Full Value
When you make a gift of real property today that you have held for more than a year, you qualify for an income tax charitable deduction equal to the property's full fair market value. This deduction lets you reduce the cost of making the gift and frees cash that otherwise would have been used to pay taxes.

By donating the property, you also eliminate capital gains tax on its appreciation.

2. Give Your Home, but Enjoy Lifetime Use
Many donors find that their largest asset is their home, but they don't consider using this as a gift because they can't imagine living anywhere else.

With a retained life estate, you give a personal residence or farm today but retain the right to occupy it for life. The property doesn't have to be your primary home, but it must be a personal residence. You'll still pay property taxes, maintenance costs, and insurance, but you are eligible for an income tax charitable deduction for a portion of your property's current value because the gift cannot be revoked.

3. Donate Real Estate and Obtain Income for Life From Your Gift
Instead of making a gift of real property now, you can use unmortgaged property to fund a charitable remainder trust. With this arrangement, you give the property to the trust, and the trust then pays income (within IRS limits) to you and, if you choose, others for the rest of your lives or a term of years. When the trust terminates, UMD receives the remainder.

Example:
Robert, 70, and his wife, Gail, 69, give UMD the remainder interest in their home, currently worth $325,000. They continue living there for their lifetimes. After both have passed away, UMD takes possession of the home. They are eligible for an income tax charitable deduction of $97,828* in the year they establish the life estate.

*Based on a 5.2% charitable midterm federal rate. Deductions and calculations will vary depending on your personal circumstances.
Once the property is given to the trust, the trustee will sell it and invest the proceeds in income-producing securities, which become the source for income payments to you and any other recipient you name for your lifetime or a term of years, whichever you choose.

You receive an income tax charitable deduction for a portion of the gift (when you itemize), and when you give appreciated property, you will not pay up-front tax on the capital gain.

4. Give Real Estate Through Your Will
If you are not comfortable making a gift of property right now, consider leaving it in your will or revocable living trust. This can be the perfect way to support the University because you are able to help UMD in the future without using assets today.

Because your will can be changed at any time, you will not be eligible for an income tax deduction. When you make a gift through your will or trust, you support what you love most about the university while creating lasting legacies in your memory or in memory of a loved one.

Example:
Sam and Mary, both 75, establish a charitable remainder trust with real property worth $250,000. The trustee sells the land, invests the proceeds, and pays Sam and Mary 5% of the trust’s value each year. The first year they will receive $12,500 (5% of $250,000). Each year thereafter they will receive a variable amount based on 5% of the trust’s value, whether the trust’s value increases or decreases. They are eligible for an income tax charitable deduction of $118,375.*

*Based on a 5.2% charitable midterm federal rate. Deductions and calculations will vary depending on your personal circumstances.

IS A GIFT OF REAL ESTATE RIGHT FOR YOU?

A gift of real estate may be right for you if:

- You want to make a significant gift that benefits UMD today.
- The expenses and obligations of owning your property outweigh the income you receive from it.
- You don’t have family members or loved ones who wish to take on the responsibilities or costs of owning your property after you’re gone.
- You want income tax relief and capital gains tax elimination on the property’s appreciation.

A gift of real estate may be right for you if:
YOUR NEXT STEPS

Consult Your Advisors
Gifts of real estate can be complex, depending on the property involved. Therefore, we always recommend you consult your professional advisors for help.

Contact Us
When you give your home or other real estate, you create a tangible and enduring testimonial of your interest in our goals. Your personal satisfaction is complemented by potential tax benefits.

You may have questions about appraisals, tax savings and other details. We would be happy to assist your attorney and other advisors in designing the most suitable plan for you.

Please call us anytime.