Real Estate Gift Opportunities

Why would anyone give real estate rather than simply write a check? One answer is that our nation's tax laws offer special incentives for gifts of non-cash property, especially if it has increased in value since it was acquired.

A second reason is that a non-cash gift of appreciated property is much more significant than the check that most of us can write to our favorite charity. It is a gift of endowment to provide continued funding or to strengthen programs of the SPCA of Texas.

Outright Gift

A personal residence, commercial property, a farm, unimproved land, condominium or rental property may each be given to the SPCA of Texas, a non-profit organization, and its full fair market value can be deducted for income tax purposes.

Animal Sanctuary

Beyond the tax advantages of your gift of real estate, you may be able to provide sanctuary for large animals that have been abused. The SPCA of Texas needs farm or ranch property suitably located throughout the state for the care of horses and farm animals that have been starved and denied proper care.

The SPCA of Texas also needs property that is suitable for retirement homes for older animals of all kinds and for companion animals who have outlived their human family.

You may be able to do much more for animals by donating real estate than you ever could otherwise. Your gift may be made in the present or in the future and may even provide income for you and your spouse.

Retained Life Estate

While some people are in a position to donate real estate outright to the SPCA of Texas, others may need to continue to live there or to earn income from it. You can donate your residence, a vacation or second home, or a farm to the SPCA and receive an immediate charitable tax deduction for the remainder value of the property (what IRS estimates as the SPCA's future right in the property) and retain the right to reside in, use or derive earnings from the property for life.

By executing a deed with *Retained Life Estate* you may also avoid capital gains taxes on the sale of income-producing acreage on your farm. Your estate tax liability is reduced and your surviving spouse will not have to sell the farm to pay estate taxes.

This type of gift may be attractive to you if you are considering leaving your property to the SPCA of Texas through your Will, but would like to transfer the gift now to receive the income tax advantages and increase your cash flow.

Lifetime Income

Real estate can be a good asset with which to fund a lifetime income agreement. Appreciated property such as real estate or securities may be placed in a unitrust designating the SPCA of Texas as the beneficiary. The trust may sell and reinvest the property, avoiding capital gains taxes, and pay a specified income to you for life. You receive an immediate charitable tax deduction upon donating assets to the trust, avoid capital gains and remove the property from your estate, thus reducing estate taxes.

You and your spouse or other designated beneficiary will receive a fixed percentage of at least 5% of the net fair market value of the contributed assets, as annual income for life. Upon termination of the trust, the remainder principal belongs to the SPCA of Texas.

These gift plans may make it possible for you to do more for animal protection programs than you could by donating cash. You may experience the satisfaction of making a substantial gift during your lifetime and beyond.

How to Figure Your Tax Benefits

When you make an outright gift of real property, you obtain an income tax charitable deduction equal to the property's full fair market value (if held more than one year) instead of the lower cost basis.

This deduction lets you reduce the cost of making the gift and frees cash that otherwise would have been used to pay for taxes, insurance and upkeep. Also, you avoid tax on the property's appreciation, the transfer isn't subject to the gift tax, and the gift reduces your taxable estate.

Your deduction for a gift of appreciated real estate in any year generally is limited to 30% of your adjusted gross income, with a five year carry-over of the unused deduction.