

# Planned Gifts

## Real Estate and Business Interests

If you're charitably minded and own real estate or a business, the Blue White Scholarship Foundation can help you simplify your giving. If any of the following scenarios apply to you, please contact us or your professional advisor(s) to discuss your options further.

- You plan to sell a property/business that has increased in value and you would like to reduce the capital gains tax when you sell the asset (which you have owned for over a year).
- You want to simplify your estate so that your heirs won't have the responsibility of managing or selling the real estate/business or of being forced to sell it to pay your estate taxes.
- **You recently learned that a gift of real estate/business to a private foundation is deductible at your cost basis and you are looking for an option that gives you the largest possible tax deduction so that you can make a greater charitable impact with your gift.**
- You own income-producing real estate/business that you wish to transfer to your heirs in a tax efficient manner.
- **You want to create income for yourself or others through a gift of real estate/business interest.**
- You can't afford to donate the entire value of your property/business, but would like to give a part of it.
- **You want to donate your home, but continue living in it during your lifetime.**
- You are ready to shed the demands of ownership because your rental or vacation real estate is taking too much of your time and money.

The Blue White Scholarship Foundation accepts residential, commercial and investment real estate gifts in the form of outright gifts, lifetime gifts, bargain sales, retained life estate, bequests, and conservation easements to a third-party land trust. We also accept interests in business entities such as closely-held stock, ownership interests in a limited liability company, and partnership interests.

### Outright Gifts

The charitable deduction available to you through a gift to the Blue White Scholarship Foundation will be the fair market value of the property/asset contributed. In any given year, you can take a charitable deduction up to 30% of your adjusted gross income. If the amount is larger than you can use in one year, the surplus can be carried forward as a charitable deduction over the next five years. You can also avoid any capital gains tax that may apply to a gift of long-term capital gain property.

## Gifts Providing Income

Gifts of property/business interests can also be made through a Charitable Remainder Trust (CRT), which pays either a fixed or variable income for life or a term of years. By donating real estate/business interests to a CRT, you avoid capital gains tax liability when the property is subsequently sold. The trust can invest in a diversified portfolio of stocks, bonds, and other investments. As the donor, you receive an immediate income tax charitable deduction based on the value of the remainder interest for charity. Although BWSF currently does not set up charitable remainder trusts, we would be happy to recommend other professionals who can assist you.

## Gift Through a Will or Trust

You may transfer real estate/business interests to BWSF by a gift through your will or living trust by simply designating the asset as a bequest. While such a transfer does not generate any income tax savings, all bequests to charity from a will or living trust qualify for an unlimited estate tax charitable deduction.

## Important Considerations

A gift of real estate/business for charitable purposes requires careful planning. Key considerations include:

- **Marketability:** Gifts should be readily marketable to achieve the charitable objectives of the contribution. Extended holding periods are considered on a case-by-case basis.
- **Professional Appraisal:** The IRS requires that a donor obtain a professional appraisal from a qualified appraiser to substantiate the value claimed as a charitable donation. It is the donor's responsibility to procure and pay for the appraisal, which typically takes place just before or directly after the gift is made to BWSF.
- **Transactional Costs:** Costs associated with the contribution, management, and sale of an asset are borne by the donor's charitable fund created at BWSF. Examples of these costs include legal fees, broker fees, title insurance, inspection costs, property taxes, upkeep, and maintenance.
- **Inspection and Environmental Review (real estate specific):** Gifts of residential and commercial property typically require an inspection by a reputable firm. Further, certain real estate gifts may also require a preliminary environmental review to assure that the property is not subject to unknown contamination. A more in-depth review may be required in the event that the initial report uncovers the need for further testing.
- **Mortgages and Liens (real estate specific):** Donated property should generally be free of debts, liens, mortgages, and other encumbrances.

Once we have a basic description of the asset and understand your charitable purpose for the gift, we try to get back to you with our recommendations as soon as possible.

For more information, please contact Kate Cellucci, Executive Director, ([KateCellucci@BlueWhiteClub.com](mailto:KateCellucci@BlueWhiteClub.com)) or phone at (610-304-3848)

## Gifts of Real Estate-Important Considerations

A gift of real estate or part of your business to charitable purposes requires planning. Key considerations include:

**Marketability:** Gifts should be readily marketable for sale. Extended holding periods are considered on a case-by-case basis.

**Professional Appraisal:** The IRS requires that a donor obtain a professional appraisal from a qualified appraiser in order to verify the value claimed as a charitable donation. This is the donor's responsibility to process and pay the appraisal.

**Transactional Costs:** Costs associated with the management and sale of an asset are borne by the Blue White Scholarship Fund. Examples of such costs include legal fees, broker fees, title insurance, inspection costs, property taxes, upkeep and maintain the property. NOTE: Environmental Studies may also be required.

**Mortgages and Liens:** Donated Real Estate should be free of debts, liens, mortgages, and other encumbrances.

For more information please contact, Kate Cellucci , Executive Director , by E-mail @ [KateCellucci@BlueWhiteClub.com](mailto:KateCellucci@BlueWhiteClub.com) or by phone at (610) 304-3848.