

# GIFTS OF NON-CASH ASSETS

## REAL ESTATE



THE CHICAGO  
COMMUNITY TRUST  
AND AFFILIATES

Real estate, such as primary and secondary homes, represents the majority of many Americans' net worth. In fact, the Federal Reserve estimates that more than 30% of U.S. household net worth is held in the form of real estate. Yet many Americans don't consider their real estate holdings as a potential way to support charity.

### WHY MAKE A GIFT OF REAL ESTATE

Under the right circumstances, a gift of real estate to The Chicago Community Trust may be an opportune way for a donor to convert a valuable asset into philanthropic dollars. A donor of real estate may be able to:

- Obtain a potential income tax deduction or an estate tax charitable deduction for the full fair market value of the contributed real estate; and,
- Avoid paying capital gains on any built-in appreciation in real estate that has risen in value over the years.

Consider Joan, who has lived in her house for 30 years. She does not have children, and would like her home to go to a charitable cause after her death. After chatting with her attorney, Joan decides to contact the Trust about donating the home to the Trust through her will. After meeting with staff members about options, Joan decides she wants to donate her home so that it can be sold and the proceeds used to establish a fund that will help children in underserved communities.

### THINGS TO CONSIDER BEFORE DONATING REAL ESTATE

- **Nature of the Property:** As a rule, personal real estate is easier to donate, and accept, than commercial real estate or income property.
- **Marketability:** Any contemplated gift of real estate must be property that is desirable and highly marketable.
- **Appraisal:** The donor or her estate will need to obtain a qualified appraisal as part of the donation process.
- **Environmental Issues:** Before accepting a gift of real estate, the Trust will require that the donor (or her estate) provide a Phase I Environmental Site Assessment to identify potential or existing environmental contamination liabilities.
- **Mortgage or Other Indebtedness:** The Trust will only accept gifts of real estate that are not subject to debt, such as a mortgage.
- **Timing:** The due diligence process for vetting a potential gift of real estate may take several months to complete.

### DONATE YOUR HOME AND CONTINUE TO LIVE IN IT

A lesser-known option for individuals who are considering donating their home to charity is the **retained life estate**. A retained life estate allows a donor to transfer ownership of the home to the Trust and still retain lifetime use of the property. The donor is eligible for an income tax deduction in the year of the donation, and the property is removed from the donor's estate.

The donor has the right to use and enjoy the home during his life. As the lifetime tenant, the donor is responsible for care and upkeep, as well as any applicable taxes and insurance. The Trust and the donor will execute an agreement that details the responsibilities of each party so that everyone knows what to expect before and after the donor makes the gift.

For more information about gifts of real estate and retained life estates, contact Tim Bresnahan, Senior Director of Gift Planning, at [tbresnahan@cct.org](mailto:tbresnahan@cct.org) or 312.565.2832.