



## **GIFTS OF REAL ESTATE & PERSONAL PROPERTY**

Gifts of real estate and personal property, such as fine art, antiques, intellectual property and other valuables, provide a welcome source of support for SKIP of New York (SKIP) as well as surprising tax benefits for donors. SKIP understands that these gifts can be complicated and we will work closely with you on your gift. *You should also consult with your financial and legal advisors about your gift and their tax implications.*

### **Why Donate Property?**

Friends donate property to SKIP as a significant way to support the organization. But they also know that they will receive attractive financial benefits as a result of the gift. These benefits have contributed to the increasing interest in property donations. Since 2003, over \$5.9 billion of real estate and \$829 million of art and collectibles has been gifted annually to nonprofit organizations and educational institutions.

Depending on the nature of your gift and on your needs and objectives, you can potentially:

- Avoid capital gains taxes due on the sale of property.
- Reduce income taxes.
- Reduce estate taxes.
- Receive an annual income.
- Eliminate the burden of maintaining and paying for property.
- Create a significant legacy.

### **How Do I Know if Making A Gift is Right For Me?**

As you think about a gift of real estate or personal property, consider what you own and ask yourself the following:

- Do I own property, such as a vacation home, that I don't use very often?
- Do I have real estate that is difficult or expensive to manage?
- Will I owe significant taxes if I sell?
- Do I have a substantial taxable income that a gift of property might offset?
- Do I have a property that, if donated, would provide me with income?
- Do I own a piece of art that I don't enjoy as much as I once did?

If you answered, "yes," to any of the questions above, you could benefit by gifting property to SKIP.



### **What Can Be Donated?**

#### **Real Estate**

Almost any type of real estate, residential or commercial, domestic or international, can be offered for donation. Examples include:

- Single-family homes
- Vacation homes
- Apartments, condominiums and cooperatives
- Multi-family homes
- Apartment buildings
- Industrial property
- Shopping centers
- Farms, ranches and vineyards
- Recreational properties, such as golf courses
- Undeveloped land
- Office buildings
- Hotels, motels and resort properties
- Warehouses
- Recreational properties, such as golf courses



## Personal Property

A wide range of personal property can be offered for donation. Examples include:

- Paintings
- Drawings and Prints
- Sculpture
- Porcelain and Silver
- Decorative Objects
- Furniture
- Rugs
- Jewelry and Watches
- Classic Cars
- Aircraft
- Watercraft
- Collections, such as stamps, coins, medals, books and other memorabilia
- Intellectual Property, such as copyrights, trademarks, patents, etc.

### ***How Can I Structure My Gift?***

#### ***Four Popular Ways to Donate Property***

There are many ways to gift property to SKIP of New York, each with its own advantages. Four of the most common ways to donate property are Outright Gift, Charitable Trust, Retained Life Estate and Bequest; these are outlined below.

*Please note that the examples below are based on applicable tax regulations, which can change and a number of simplifying assumptions (e.g., that the property involved would generate long-term capital gains). We recommend speaking with your legal and financial advisors about your planned gifts and the state and federal tax implications. Note as well, that each gift plan has organizational guidelines that must be met.*

#### **1) Outright Gift**

**How it Works:** Donor transfers the property directly to SKIP of New York.

##### **Donor Benefits**

You can eliminate the burden of maintaining a property that is no longer wanted or needed, and potentially:

- Eliminate costly property carrying costs such as insurance, taxes and general upkeep.
- Receive a charitable tax deduction for the appraised value of the property.
- Avoid capital gains taxes.
- Remove property from your taxable estate.

##### **An Example**

Mrs. Smith owns a home that cost \$100,000 and is now worth \$400,000.

When donated, Mrs. Smith gets to take a charitable tax deduction of \$400,000 and avoids paying capital gains taxes. In addition, the property will not be part of her taxable estate.

#### **2) Charitable Trust**

*There are many different types of Charitable Trusts. In this example, a Charitable Remainder Trust is outlined.*

**How it Works:** Donor transfers property to a Charitable Trust.

- The trustee sells the property and the proceeds are received by the Charitable Trust.
- The donor receives an income payment for a set period of time, often for the life of the donor and spouse.
- Upon the donor and spouse's death, the trust's assets are transferred to SKIP.

#### **Donor Benefits**

You can diversify your assets and benefit from additional income, and you can potentially:

- Receive income on an ongoing basis.
- Receive a charitable tax deduction for a portion of the property's value.
- Avoid some capital gains taxes.
- Remove property from your taxable estate.

#### **An Example**

Mr. Stevenson donates a 50-acre parcel of land to a Charitable Remainder Trust which the trustees sell for \$500,000. The proceeds are received and invested by the Charitable Remainder Trust. Mr. Stevenson and his spouse receive payments for an agreed upon period of 20 years. Any proceeds remaining at the end of the 20 years are transferred to SKIP.

### **3) Retained Life Estate (*Real Estate Only*)**

**How it Works:** Donor transfers ownership of the property to SKIP of New York, but retains the right to live in the property for a specified period of time – often for the life of the donor and spouse.

#### **Donor Benefits**

You and your spouse can continue to live in the donated property for life, and you can potentially:

- Receive a charitable tax deduction for a portion of the property's value.
- Avoid some capital gains taxes.
- Remove property from your taxable estate.

#### **An Example**

Mrs. Rogers donates her condominium to SKIP, but continues to live in it. She receives a charitable tax deduction and avoids some capital gains taxes.

On her death, SKIP sells the condominium. The property has been taken out of her taxable estate, thus reducing inheritance taxes for the heirs of Mrs. Rogers.

### **4) Bequest**

**How it Works:** Donor bequeaths the property to SKIP of New York in his or her will.

#### **Donor Benefits**

You and your spouse can enjoy the property for life, and your estate can receive the benefit of a charitable tax deduction.

#### **An Example**

Mr. Martin bequeaths his rare book collection to SKIP. Upon his death, the collection is given to the organization, which sells the books and uses the proceeds as he directed.

To learn more about donating real estate and personal property to SKIP of New York, please contact us at (212) 268-5999 or send an email to [info@skipofny.org](mailto:info@skipofny.org).