Charitable Gifts of Real Estate

Providing choices and benefits

THE FULLER CENTER FOR HOUSING
Building on Higher Ground

Giving a charitable gift of real estate for the benefit of The Fuller Center through Mennonite Foundation is an option for owners of farmland, commercial or residential rental property, or vacant investment land.

Advantages

- **Avoid lump sum capital gains tax.**
- **Get an immediate tax deduction.**
- **Create dependable income.**
- **Preserve farm heritage.**

Donating farmland

Bill and Arlene Yoder (not their real names) were not sure what to do with their family farm. Their only son wasn't interested in farming, and they had no other relatives to pass the farm to. They contacted their Fuller Center for Housing representative and found there were more choices than there were limitations.

The farm had been in the family for generations, and Bill had some questions. Would Mennonite Foundation sell to just anyone? How would the sale be handled? What impact will the sale have on the community?

Here are some of the answers from Bill's foundation representative:

- Mennonite Foundation is sensitive to the donor's recommendation on who should have first chance to purchase the land where the purchase does not conflict with foundation's fiduciary responsibilities.
- Mennonite Foundation attempts to market the land in a manner commonly used in that community. There may be legal and market limitations, at times.
- Land development options are discussed with the donor. Selling land for agricultural use may bring less for the family and charity than if the land could be marketed for development uses.

Mennonite Foundation is willing to work with landowners in marketing and selling land as much as is legally possible. Tax laws and family situations may favor contributing farmland for charitable purposes. Mennonite Foundation does the following things:

- Attempts to sell farmland at a fair market value as determined by an independent certified appraiser.
- Helps find an appropriate buyer to maintain the historic integrity of property.
- Tries to follow the wishes of the donor, including maintaining farmland for agricultural purposes.
- Prefers to sell for cash, but can sometimes facilitate the sale of farmland by offering installment contracts.
- Attempts to minimize the amount of real estate owned long term, but may consider leasing arrangements when the sale of property is not immediately possible or appropriate.

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Bill and Arlene were relieved to know that Mennonite Foundation's bias toward maintaining family farms would help the chances of their land being preserved for farming purposes. They made a gift to Mennonite Foundation for the benefit of The Fuller Center and continued to reap the benefits of this charitable donation for many years.

Donating commercial property

Alan Miller (not his real name) owns some commercial property in town. He has worked hard for many years to make his rental properties profitable and to be a responsible member of the community.

Recently, he has been overwhelmed by the amount of potential capital gains taxes he will owe on his holdings if he sells them. The Fuller Center recommended options from Mennonite Foundation on how to offset taxes and gains.

Alan had some questions. Could he still draw income if he gave property to the foundation? What kinds of tax advantages would he get? Were there tax laws he needed to be concerned about? How soon would the property be sold?

His Mennonite Foundation representative gave the following answers:

- The gift can provide, and in some cases increase, current and future income to the donor and his or her family.
- The donor receives an immediate charitable contribution deduction.
- Gifting part of the property offsets capital gains tax on the remaining property owned by the donor.
- The donor avoids lump sum capital gains tax.
- Mennonite Foundation follows IRS regulations to protect the donor's gift.
- It is the goal of Mennonite Foundation to minimize the amount of real estate held long term. If an acceptable purchaser is not found, a real estate firm or auctioneer may be retained to handle the sale.

Act today!

To request an application, or for more information, contact Kirk Lyman-Barner from The Fuller Center at (229) 924-2900 or Joseph Lapp from Mennonite Foundation at (800) 442-7930.

We'll show you exactly what annuity rate and tax savings you would receive if you give a gift – and help you decide if a gift annuity is right for you.

The Mennonite Foundation representative explained to Alan that the best way to maximize the benefits of his gift was for him to work with Mennonite Foundation in managing and disposing of his gifted property.

Once Alan made his gift and the property was converted to cash, he was pleased that Mennonite Foundation and The Fuller Center followed stewardship investing guidelines to manage his money.

Provided by The Fuller Center in association with Mennonite Foundation.