REAL ESTATE

GIFT PLANNING FOR VIRGINIA ATHLETICS FOUNDATION VIRGINIA ATHLETICS

Making a Real Impact with Real Estate

Despite fluctuations in the real estate market, owning real estate has been a wonderful investment over the years. But, if your vacation home, vacant lot, farm, or office building has lost its usefulness or has become expensive or cumbersome to maintain, your property could make an excellent gift in support of the athletics program at the University of Virginia.

What Are My Options for Donating Real Estate?

Make an Outright Gift
If you give your real estate outright to the University of Virginia Foundation, you will be eligible for a charitable income tax deduction based on the full fair market value of the real estate. You may designate the VAF as the ultimate beneficiary, furthering the athletics purpose of your gift. You will avoid the capital gains tax you would have had to pay if you had sold the property.

A generous gift of real estate can help the University's athletics program uphold its high standards of honor and academic rigor, while offering an outstanding student-athlete experience.

EXAMPLE: AN OUTRIGHT GIFT

Sam wants to make a gift to support the University's athletics program but many of his assets are not liquid. The undeveloped land he bought several years ago for $10,000 was recently appraised for $100,000.

If Sam sells the land himself, he will owe $13,500 in capital gains tax and pay the expenses of sale; but if he gives the land to the Virginia Athletics Foundation (VAF), he will not recognize any capital gain, will be eligible for an income tax deduction for the land's full $100,000 fair-market value, and will have removed the value of the property from his estate. Most importantly, Sam will have made a meaningful contribution to the athletics program at the University.

EXAMPLE: A CHARITABLE REMAINDER TRUST

Joyce owns a parcel of land, purchased for $200,000, which recently appraised for $500,000. At 60, Joyce is ready to retire and wants to supplement her income. If she sells the property, she will incur a 15 percent capital gains tax of $45,000 in addition to realtor fees and other expenses.

Instead, Joyce transfers her land to a six percent "Flip CRUT." She is eligible to claim an immediate income tax charitable deduction of $161,155. When the land is sold, Joyce will receive an annual 6% "unitrust" payment. At her death, the remaining assets in the trust will be distributed to the VAF for the purposes she has designated.

Numbers in the examples are accurate as of June 24, 2014 and are subject to change.

Fund a Charitable Remainder Trust
Real estate can be used to fund a special kind of trust called a "Flip" Charitable Remainder Unitrust ("Flip CRUT"). A "Flip CRUT" document is drafted and your property is transferred to the trust. Once the property is sold, the trust will provide you with annual payments for the rest of your life or for a term of up to 20 years. Prior to the sale, any income the property may generate will be distributed to the income beneficiary from the CRUT. Payments from the trust are based on a set percentage of the total trust value

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each year. These payments begin on January 1 of the year following the sale of the property. In addition, you will be eligible for an immediate income tax deduction.

At the end of the trust term, the remaining assets will pass to the VAF to be used for the purposes you designate. You will also have removed the assets from your estate, eliminating any estate tax which may otherwise be due.

Make a Gift Through Your Will or Living Trust

Some of the earliest gifts to the University have been gifts of real estate given through bequests in wills and living trusts. Designating the VAF as beneficiary of a gift of real estate in your will could save your estate thousands of dollars in taxes. Your bequest of real estate may be designated for the University's athletics program's general use or for the sport of your choice. We encourage you to let us know about your bequest. Sharing this information helps the VAF fully understand the vision behind your intentions and ensures that there is a plan in place for implementing them.

Give the Remainder Interest in Your Home – And Retain the Right to Live There

If you want to receive a current income tax deduction for the gift of your home to the VAF, but you would like to continue living there for the rest of your life, you could give a "remainder interest" in your home and retain a "life estate" for yourself. You will be eligible for a current income tax deduction based on the value of the remainder interest you have given, and you will retain the right to live in and maintain your home for the rest of your life.

The Cornerstone Society—Letting Us Say Thank You

On October 6, 1817, President James Monroe and former Presidents Thomas Jefferson and James Madison gathered at a ceremony to lay the cornerstone of Pavilion VII, the first structure at the University of Virginia. Just as this cornerstone provided the foundation for the University's first building, the Cornerstone Society is laying the groundwork for the University's achievements in the decades ahead. The Cornerstone Society comprises alumni, parents, and friends who have made planned gifts to the University or its related foundations, through wills, living trusts, or retirement plan assets; gifts of life insurance; charitable gift annuities; and charitable remainder trusts or lead trusts.

For More Information

To learn more about making a gift of real estate to benefit the University of Virginia and its athletics program or if you would like to learn more about other planned giving opportunities at the University of Virginia, please call the VAF at 434-982-5555 or 800-626-8723 or the Office of Gift Planning at 434-924-7306 or toll-free at 800-688-9882, email giftplanning@virginia.edu or visit the website at **www.virginia.edu/giftplanning**.

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