Charitable Gifts of Real Estate
Providing choices and benefits

Giving a charitable gift of real estate is an option for owners of farmland, commercial or residential rental property, or vacant investment land. Hesston College uses Everence Foundation to administer planned charitable gifts.

Donating farmland
Bill and Arlene (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 Hesston College 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 the foundation sell to just anyone? How would the sale be handled? What impact would the sale have on the community?

Here are the answers from Bill’s Hesston College representative:

- Hesston College and Everence Foundation are sensitive to the donor’s recommendation on who should have first chance to purchase the land where the purchase does not conflict with the Foundation’s fiduciary responsibilities.
- The 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.

The 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. The 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.

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

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• 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.

Bill and Arlene were relieved to know that Hesston College and Everence Foundation’s bias toward maintaining family farms would help the chances of their land being preserved for farming purposes. They made a gift to the Foundation 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. He turned to Hesston College for options on how to offset taxes on the gains.

Alan had some questions. Could he still draw income if he gave property through Everence 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 Hesston College 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.
• Everence Foundation follows IRS regulations to protect the donor’s gift.
• It is the goal of the 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.

The representative explained to Alan that the best way to maximize the benefits of his gift was for him to work with Hesston College, through Everence 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 the foundation followed stewardship investing guidelines to manage his money.

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