



# Giving the Gift of Real Estate

FLORIDA STATE UNIVERSITY REAL ESTATE FOUNDATION





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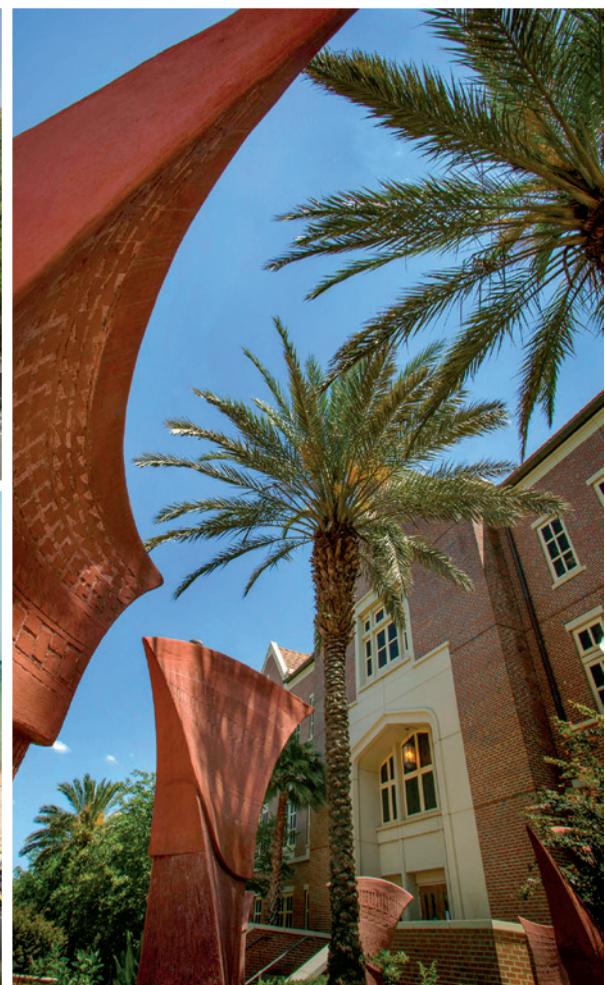
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# Contents

- 3 Giving a Gift of Real Estate
- 4 Reasons for Giving Real Estate
- 5 Family's Gift Honors Legacy
- 6 Ways of Giving Real Estate
- 8 Finding the Best Option
- 9 Creating a Legacy—  
First Steps



# Giving a Gift of Real Estate

## *Turn your real estate investment into a legacy*

Real estate is a valuable asset and a sound investment that can provide property owners with immeasurable benefits. Whether it's a home, timberland or a vacation cottage at the beach, most of us own property.

A gift of real estate to Florida State University turns your investment into an investment for the future.

*“ You can establish a permanent legacy for the benefit of Florida State University with a gift of real estate. There are many potential tax benefits that can be realized which may allow you to maximize your impact. ”*

— Steve Pattison  
VP & CFO, Restaurant Services, Inc  
Chairman, Board of Directors,  
FSU Real Estate Foundation



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By giving real estate, donors have many options available without depleting their cash reserves. Donors can receive substantial tax benefits such as lower capital gains taxes or estate taxes. They also can potentially receive a lump-sum, discounted payment for their property or an income stream from a charitable trust. In many cases, the donation can be tailored to the property owners' needs and still fulfill their desire to enhance Florida State University.



The half of knowledge is to  
know where to find knowledge

## Reasons for Giving Real Estate

With gifts of property, you may:

- ◆ *Reduce capital gains tax*
- ◆ *Reduce estate tax*
- ◆ *Earn a tax deduction*



Just like gifts of cash or securities, gifts of property may be used to benefit any area of the University you wish to support—whether it is scholarships, professorships or campus facilities. Giving property to the Florida State University Real Estate Foundation is an avenue University donors have for making gifts that may have been difficult for them to make in the past.



Representatives with the FSU Real Estate Foundation will work with you to ensure your gift not only benefits the University, but also works best for you in terms of tax and income considerations.



Tax benefits are associated with gifts of property. If you have owned your property for a considerable time, it likely has increased in value and selling it may result in paying capital gains tax. Gifting property is a great way to minimize these taxable gains.

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# Family's Gift Honors Legacy of 1941 FSCW Graduate

*Adapted from an article that appeared in the College of Arts and Sciences' magazine, Spectrum.*

Like many FSCW women of the WWII generation, Frances Cushing Ervin—a 1941 graduate of the Florida State College for Women—chose to forgo a career to stay at home and care for her husband and children.

“My mother never pursued a career of her own,” said Ervin’s daughter, Anne Rowe. “But what she did instead was inspire other people to accomplish things.”

Like so many of her generation, Frances Cushing Ervin’s greatest legacy may well be her family and their accomplishments. Unlike their husbands however, who were much decorated for their accomplishments on battlefields and in board rooms, these women have no medals to show for their years of hard work.

Yet every now and then, one of these families chooses to remember the love and devotion of such everyday heroes by making gifts in their name—for causes they know that their mothers, wives and grandmothers cared about.

After Frances’ death, her husband and children decided to create a professorship in her name. The Frances Cushing Ervin Professorship in the Department of English was established to further scholarship in English or American literature.

Pleased with the initial gift facilitated by Anne and her brother, Robert Jr., Robert Ervin Sr. decided to make an additional gift to the fund—that of the couple’s Tallahassee home.

This type of gift, a retained life estate, allows the donor to make a significant gift to FSU. The donor may continue living in their home throughout their lifetime while benefitting from an income tax deduction in the year the gift was made. If at any time the donor decides to relinquish the life estate, they may do so. Otherwise the property is given over to the University after the donor’s lifetime.

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# Ways of Giving Real Estate

There are several ways you can donate real estate. Each method offers distinct advantages depending on your circumstances and goals.

## ◆ **Outright Gift**

*Create a legacy and receive a tax benefit*

When you make an outright gift of property held for more than a year, you obtain an income tax charitable deduction equal to the property's full fair market value.

This deduction lets you reduce the cost of making the gift and frees cash that otherwise would have been used to pay taxes. By donating the property to Florida State University, you also reduce capital gains tax on the property's appreciation. Furthermore, the transfer isn't subject to a gift tax, and your donation reduces your taxable estate.

## ◆ **Bequest**

*Give real estate through your will*

Because your will is revocable (that is, you can change your mind at any time), you will not be able to take an income tax deduction, but the property will not be taxed as part of your estate.

Through your will, you may give another person lifetime use before possession passes to the FSU Real Estate Foundation. Or, you can leave the real property to someone and name the Real Estate Foundation as the contingent beneficiary. The foundation will receive the property only if that person does not survive you.

## ◆ **Retained Life Estate**

*Give your home, but enjoy lifetime use*

If you would like to make a gift of your home, but also would prefer to continue living in it for your lifetime, you may transfer a remainder interest in the property to Florida State. Even though the Real Estate Foundation would not take possession

of the residence until after the lifetimes of the tenants you've named, you receive **an immediate income tax charitable deduction** because the gift cannot be revoked. The amount of the deduction depends upon the value of the property, your age and the age of any other person given lifetime use of the property. All the obligations of ownership are retained, such as paying taxes and insurance premiums. When the property comes to Florida State, the University will use the proceeds of the sale as you have instructed. You can create a retained life estate with any personal residence, including a vacation home, farm, condominium or stock in a cooperative housing corporation if it is used by you. A farm may include acreage with or without a house.

#### ◆ **Bargain Sale**

*Receive cash and a tax deduction*

If you sell your property to FSU for a price less than fair market value, you receive the cash from the sale and a charitable deduction on the difference between the market value and purchase price for your gift. While you may owe taxes on the amount you receive from the transaction, the charitable deduction from your gift could offset your taxes for the year the sale took place. Along with the deduction from your gift that may reduce your tax bill, other benefits of the bargain sale include the **reduction of capital gains tax on your charitable gift and the opportunity to reinvest the cash you received from the sale to create additional income for your future.**

#### ◆ **Charitable Remainder Trust**

*Obtain a life income from your gift*

By establishing a charitable remainder trust, you can provide for a future gift to Florida State while receiving a tax deduction and a long-term income stream. Once the property has been transferred to a trust, the trustee—which could be the Real Estate Foundation—can then sell it and invest the proceeds. These investments can provide income payments to you and any other recipient you name for either a lifetime or term of years. When the trust terminates, the foundation will receive the remainder in the trust. This strategy reduces estate taxes when spouses are the only income beneficiaries. You also can benefit from a substantial current income tax deduction.

The amount of the deduction is determined by the age of the income beneficiaries when the trust is created, the value of the trust assets and the annual percentage or amount to be paid to the income beneficiaries. When you transfer appreciated property, you will not pay any tax on the capital gain.

# Finding the Best Option

For many of us, our property is very personal. We respect and care for it, and it provides for us. When you give your home or other real estate, you create a tangible and enduring testimonial of your interest in Florida State University's goals. Your personal satisfaction is complemented by significant tax benefits.

Outright Gift	Bequest	Retained Life Estate	Bargain Sale	Charitable Remainder Trust
<b>YOUR GOAL</b>				
Make a current gift and maximize the charitable income tax deduction	Defer a gift until after your lifetime	Give your residence or property now, but continue to live there	Sell your property to the Real Estate Foundation for a price less than fair market value	Secure income for a lifetime or a term of years
<b>YOUR GIFT</b>				
Deed your property to the Real Estate Foundation	Name the Real Estate Foundation in your will or living trust	Deed your property to the Real Estate Foundation, but retain occupancy and use	Receive cash from the sale and a charitable tax deduction	Create a trust that generates payments; the remainder benefits Florida State University
<b>YOUR BENEFITS</b>				
<ul style="list-style-type: none"> <li>◆ Immediate charitable income tax deduction</li> <li>◆ Eliminate capital gains tax</li> <li>◆ Eliminate the burdens of property ownership</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reduce your estate tax liability</li> <li>◆ Lifelong control of your assets</li> <li>◆ Easy to create</li> </ul>	<ul style="list-style-type: none"> <li>◆ Immediate charitable income tax deduction</li> <li>◆ Lifetime use of your residence or property</li> <li>◆ Reduce your estate tax liability</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reduce capital gains tax</li> <li>◆ The deduction will provide tax savings that may reduce your tax bill this year</li> <li>◆ Receive cash from the sale</li> </ul>	<ul style="list-style-type: none"> <li>◆ Immediate charitable income tax deduction</li> <li>◆ Reduce up-front capital gains tax</li> <li>◆ Payments for life or a term of years</li> <li>◆ Eliminate the burden of property ownership</li> </ul>

# Creating a Legacy—First Steps

If you would like to explore the possibility of donating real estate to benefit Florida State, the following checklist is provided:

**Determine which property** is a good candidate for donation to Florida State.

Address: \_\_\_\_\_

Type: \_\_\_\_\_ Estimated Value: \_\_\_\_\_

Address: \_\_\_\_\_

Type: \_\_\_\_\_ Estimated Value: \_\_\_\_\_

*Please note the FSU Real Estate Foundation cannot accept gifts that are timeshares, have less than 50% equity or property that carries significant environmental risk such as asbestos or lead paint. Property may be located anywhere in the U.S. or abroad.*

**Consider which FSU program(s)\*** you would like to have benefit from your donation.

- |   |  |
|---|--|
| <input type="checkbox"/> % Applied Studies                | <input type="checkbox"/> % Medicine                        |
| <input type="checkbox"/> % Arts & Sciences                | <input type="checkbox"/> % Motion Picture Arts             |
| <input type="checkbox"/> % Business                       | <input type="checkbox"/> % Music                           |
| <input type="checkbox"/> % Coastal and Marine Laboratory  | <input type="checkbox"/> % Nursing                         |
| <input type="checkbox"/> % Communication & Information    | <input type="checkbox"/> % Panama City Campus              |
| <input type="checkbox"/> % Criminology & Criminal Justice | <input type="checkbox"/> % The Ringling                    |
| <input type="checkbox"/> % Dedman School of Hospitality   | <input type="checkbox"/> % Social Sciences & Public Policy |
| <input type="checkbox"/> % Education                      | <input type="checkbox"/> % Social Work                     |
| <input type="checkbox"/> % Engineering                    | <input type="checkbox"/> % Student Affairs                 |
| <input type="checkbox"/> % Entrepreneurship               | <input type="checkbox"/> % Undergraduate Studies           |
| <input type="checkbox"/> % Fine Arts                      | <input type="checkbox"/> % University Libraries            |
| <input type="checkbox"/> % The Graduate School            | <input type="checkbox"/> % Opening Nights                  |
| <input type="checkbox"/> % Human Sciences                 | <input type="checkbox"/> % Other _____                     |
| <input type="checkbox"/> % Law                            |  |

*\*More than one program may be selected with a percentage of the total donation value assigned to each.*

**Which FSU Foundation Development Officer** can help?

Contact the FSU Foundation at (850) 644-6000 or [oneFSU@foundation.fsu.edu](mailto:oneFSU@foundation.fsu.edu).

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Appointment Time/Date: \_\_\_\_\_

**Determine what is the best gift mechanism** to help meet your donation goals.

Appointment Time/Date with your tax advisor and/or attorney: \_\_\_\_\_

**Receive an estimate** of any due diligence or closing costs that may be required as part of the transfer process and a draft gift agreement specifying which party/parties are responsible for associated costs.

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### For more information

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kevin.graham@fsu.edu

**Kim Gabbard**

Program Director  
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kgabbard@fsu.edu

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### For more information

on gift planning, please contact:

Florida State University Foundation  
Office of Gift Planning  
(850) 644-0753  
giftplanning@foundation.fsu.edu



FLORIDA STATE UNIVERSITY  
REAL ESTATE FOUNDATION

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