

DONATING REAL ESTATE

FACT SHEET

COMMUNITY FOUNDATION OF NEW JERSEY

Assets such as real estate appreciate over time and become well-suited for a family's giving, particularly in light of the significant tax advantages.

Giving the gift of real estate enables a donor to receive an immediate tax deduction, avoid the capital gains tax entirely, and direct the most dollars possible to a donor advised fund or preferred charities.

Real estate holdings ideally suited for charitable giving are those that have appreciated in value, are easy and cost-effective to liquidate, and are free of debt.

KEY CONSIDERATIONS

When the donor gifts the real estate to a donor advised fund, he or she is entrusting the Community Foundation of New Jersey to negotiate its sale. The Community Foundation does this with the support of experienced professionals.

Gifting real estate to a private foundation is less advantageous, as it triggers a deduction at the lower of cost basis or market value. When gifting real estate to a donor advised fund, the deduction is calculated based on the property's fair market value, as determined by an independent appraiser.

When selling the real estate, the terms must be under negotiation to avoid the perception or reality of a "prearranged sale." The latter would result in the donor bearing additional tax liability for any gains.

Donating commercial real estate involves additional rules; we encourage you to contact us directly to discuss them.

EXAMPLE

	Sell property and donate proceeds to charity	Donate property directly to charity
Asset Value	\$1,000,000	\$1,000,000
Capital Gains (100% Long-Term)	\$900,000	\$900,000
Sales Price	\$1,000,000	\$1,000,000
Taxes Paid	\$214,200	\$0
Settlement Costs	\$60,000	\$60,000
Gift to Charity	\$725,800	\$940,000
Charitable Deduction	\$725,800	\$1,000,000
Donor Tax Savings	\$73,217	\$396,000

**For more
information,
please contact**

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of New Jersey**

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