

TRANSFORM PROPERTY *into* LEGACY

GIFTS OF REAL ESTATE TO THE UNIVERSITY OF VIRGINIA



UNIVERSITY
of VIRGINIA



HONOR *the* FUTURE

The University's Office of Gift Planning works with alumni, friends, and their families to maximize their charitable impact on Grounds. We help navigate the process of giving cash and non-cash assets to UVA through bequests and beneficiary designations, life income gifts, and other gift types. We provide information on the possible tax and estate planning benefits of these gift options and assist with the documentation that ensures your gift will be used to support the UVA school or program that means the most to you.

A gift of real estate may allow you to make a greater investment in the University's future and may have tax and other financial benefits. There are several options for making a gift of real estate depending on your goals. Giving your property outright to UVA or using a gift of real estate to fund a trust will unburden you of the costs and other responsibilities of ownership.

Gifts of real estate have been used to support scholarships, professorships, medical research, and student-athletes. A gift of real estate made through a bequest, charitable remainder trust, or retained life estate can be designated to an endowed fund you create during your lifetime.



THE UNIVERSITY *of* VIRGINIA FOUNDATION

All gifts of real estate are evaluated and administered in partnership with the University of Virginia Foundation. The University of Virginia Foundation provides a number of real estate and financial services for the University of Virginia, including assisting the Office of Gift Planning in the acquisition and sale of real estate gifts.

STEPS FOR MAKING A GIFT OF REAL ESTATE

Before accepting a property, the University of Virginia Foundation will ensure it is appropriate for the University to own. You will be asked to:

1. Complete the University of Virginia Foundation's Real Estate Checklist. The UVA Foundation will complete a due diligence review to determine whether the property can be accepted.
2. Obtain a timely qualified appraisal (as defined by federal tax law) of the property to determine the value of the charitable portion of your gift.
3. Execute required documents (a trust document, life estate agreement, or bargain sale contract, for example).
4. Execute a deed transferring the property to the UVA Foundation.

MAKE AN OUTRIGHT GIFT OF REAL ESTATE

An outright gift of real estate will have the most immediate benefits for you and the University of Virginia school or program you choose to support.

When you make an outright gift of real estate to UVA, you will receive an income tax charitable deduction for the full fair market value of the property as long as you have owned the real estate for more than one year. You will avoid the capital gains tax you would have had to pay if you had sold the property.

When you donate real estate, you free yourself from the costs of ownership, including insurance, property taxes, rent, and maintenance. You also avoid the inconvenience of selling the property yourself.

A VACATION HOME INTO SUPPORT FOR STUDENT-ATHLETES

Charles no longer uses the lake house he bought years ago for \$300,000. The home was recently appraised for \$500,000. If Charles sells the home himself, he will owe capital gains tax (up to \$30,000 or \$40,000, depending on his tax situation) and pay the expenses of sale.

Charles gives the home to the UVA Foundation to ultimately benefit the Virginia Athletics Foundation. He does not recognize any capital gain and will be eligible to claim an income tax deduction for the home’s full \$500,000 fair market value.

He also has removed the value of the property from his estate, lowering any estate taxes his estate may owe.

	SELL THE HOME	DONATE THE HOME
CURRENT MARKET VALUE	\$500,000	\$500,000
COST BASIS	\$300,000	\$300,000
CAPITAL GAINS IF SOLD	\$200,000	–
CAPITAL GAINS TAX OWED ASSUMING 20% RATE	\$40,000	–
CHARITABLE DEDUCTION	–	\$500,000
INCOME TAX SAVINGS ASSUMING 35% TAX RATE	–	\$70,000
GIFT TO VAF	–	\$500,000

GIVE REAL ESTATE THROUGH YOUR WILL OR LIVING TRUST

If you would like to explore making a gift with flexibility, consider giving real estate through your will or trust. Designating the University as a beneficiary of a real estate gift in your will could result in estate tax benefits.

DOCUMENTING YOUR GIFT AND ITS PURPOSE

To make a bequest, your attorney can insert a simple provision into your will or trust. The Office of Gift Planning can provide sample language.

We encourage you to let us know about your bequest intentions, as this will help the University fully understand your intentions and ensure there is a plan in place for implementing them.

Documenting your bequest also qualifies you for membership in the **Cornerstone Society**.



The Cornerstone Society recognizes those who are honoring the University's future through planned gifts, including bequests, beneficiary designations, charitable gift annuities, and charitable trusts.





FUND A FLIP CHARITABLE REMAINDER UNITRUST

Certain planned gift types provide you with regular payments for life or a term of years. Real estate can be used to fund one of these gift types—a Flip Charitable Remainder Unitrust. Once funded with your property, the trust will make annual payments to you and/or other beneficiaries you name for life (or a term you select for up to 20 years). At the end of the trust term, the remaining assets will pass to UVA to be used for the purpose you designate.

Until the property is sold, the payments will comprise only net income, but beginning on January 1 of the year following the trust’s sale of the property, your payments will be based on a set percentage, typically between 5% and 7%, of the total trust value each year.

You will be eligible for an immediate income tax deduction based on the charitable portion of your gift when you create your Flip CRUT. You will also have removed the assets from your taxable estate.

LAND INTO RESEARCH OPPORTUNITIES

Louisa owns a parcel of land, purchased for \$250,000, which recently appraised for \$500,000. At 60, Louisa is ready to retire and wants to supplement her income. If she sells the property, she will owe capital gains tax (as much as \$37,500 or \$50,000, depending on her tax situation) and will pay realtor fees and other expenses.

Instead, Louisa transfers her land to a 6% Flip CRUT. She is eligible to claim an immediate income tax charitable deduction of just over \$159,000 and will receive quarterly trust payments for life, starting with net income (if any) before the land is sold. When the land is sold, Louisa will begin receiving an annual 6% unitrust payment based on the annual trust value each year. At her death, the remaining assets in the trust will be distributed to UVA to support undergraduate research at the School of Engineering and Applied Science.

	SELL THE HOME	ESTABLISH A CRUT WITH THE HOME
CURRENT MARKET VALUE	\$500,000	\$500,000
COST BASIS	\$250,000	\$250,000
CAPITAL GAINS TAX OWED ASSUMING 20% RATE	\$50,000	–
INCOME	–	\$30,000/year ESTIMATED; WILL VARY
GIFT TO THE SCHOOL OF ENGINEERING AND APPLIED SCIENCE AFTER THE PROPERTY IS SOLD	–	\$500,000



RETAINED LIFE ESTATE

If you want to receive a current income tax deduction for the gift of your residence, farm, or vacation home to the University but you would like to continue residing there for the rest of your life, you could give the University of Virginia Foundation 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 the home for the rest of your life. You will continue to maintain, insure, and pay taxes on the property. If you choose to move out of your home during the term, you might be able to claim another income tax charitable deduction or be paid for the value of your remaining life interest.

A HOME INTO SCHOLARSHIPS

Amelia and Stuart want to make a significant gift to fund scholarships at the College of Arts & Sciences, but they want to retain their home, cash, and investment assets throughout their retirement. They have owned their home for 35 years, are in good health, and plan to live there in perpetuity. Their grown children have homes of their own and no desire to inherit their parents' home, which has no mortgage and has increased in value since the time of purchase.

By giving a remainder interest in their home to the UVA Foundation and retaining a life estate for themselves, Amelia and Stuart can continue to live in their home for the rest of their lives and will continue to maintain the home just as they always would have. Upon the death of the last to die of Amelia and Stuart, the home will be sold and the proceeds applied to support undergraduate scholarships.

Because they itemize their deductions at tax time, Amelia and Stuart will also receive an income tax deduction based on the projected value of the remainder interest in their home designated for UVA.

GIFTS *of* REAL ESTATE *at a* GLANCE

	OUTRIGHT GIFT	BEQUEST	CHARITABLE REMAINDER UNITRUST	RETAINED LIFE ESTATE
YOUR GOALS	<ul style="list-style-type: none">To see the impact of your gift during your lifetimeTo maximize your charitable income tax deduction	<ul style="list-style-type: none">To support UVA in a way that is flexibleTo retain assets to use during your lifetime	<ul style="list-style-type: none">To provide future support to the UniversityTo receive yearly paymentsTo hedge against inflation	<ul style="list-style-type: none">To support future UVA students, faculty, and programsTo continue to live in your home or enjoy your vacation residence
TIMING OF BENEFITS TO UVA	CURRENT	FUTURE	FUTURE	FUTURE
TIMING OF BENEFITS TO YOU	<p>CURRENT</p> <ul style="list-style-type: none">Charitable income tax deductionEliminate capital gains taxes <p>FUTURE</p> <ul style="list-style-type: none">Reduced estate tax liability	<p>CURRENT</p> <ul style="list-style-type: none">FlexibilityControl of assets over your lifetimeCornerstone Society Membership <p>FUTURE</p> <ul style="list-style-type: none">Reduced estate tax liability	<p>CURRENT</p> <ul style="list-style-type: none">Charitable income tax deductionAvoid up-front capital gains taxesPayments for life <p>FUTURE</p> <ul style="list-style-type: none">Reduced estate tax liability	<p>CURRENT</p> <ul style="list-style-type: none">Charitable income tax deductionRetain use of your real estate <p>FUTURE</p> <ul style="list-style-type: none">Reduced estate tax liability
PROCESS IN BRIEF	<ul style="list-style-type: none">Evaluation of property by the UVA FoundationQualified appraisalDeed of transfer	<ul style="list-style-type: none">Insert a provision in your will or trust (the Office of Gift Planning can provide sample language)	<ul style="list-style-type: none">Evaluation of property by the UVA FoundationQualified appraisalTrust documentation	<ul style="list-style-type: none">Evaluation of property by the UVA FoundationQualified appraisalDeed of transfer

The Office of Gift Planning provides assistance across Grounds with planned gifts benefitting all of the University’s schools and programs, including, but not limited to, the following:

- College and Graduate School of Arts & Sciences
 - Darden School of Business
 - Frank Batten School of Leadership and Public Policy
 - McIntire School of Commerce
 - School of Architecture
 - School of Continuing and Professional Studies
 - School of Data Science
 - School of Education and Human Development
- School of Engineering and Applied Science
 - School of Law
 - School of Medicine
 - School of Nursing
 - University Library
 - UVA Health
 - UVA Wise
 - Virginia Athletics Foundation



**PLANNED GIFTS COMBINE YOUR
PHILANTHROPIC GOALS WITH
SMART FINANCIAL STRATEGIES.**

**Contact the Office of Gift Planning to
learn about the benefits of these gifts:**

Bequests and Beneficiary Designations
| Life Income Gifts | Qualified Charitable
Distributions | Gifts of Non-Cash Assets,
including Stock and Real Estate

virginia.edu/giftplanning | 800-688-9882