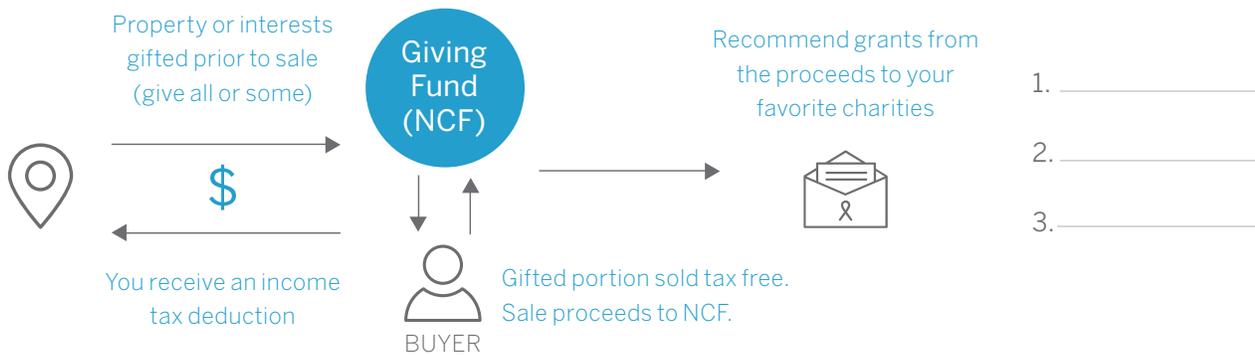


# Using Your Real Estate to Fund Ministry

Helping real estate owners multiply Kingdom investing by giving non-cash assets

Many real estate investors have a heart to give charitably but feel hindered by their limited cash flow, non-cash assets, and growing taxation of their investments. Our team at the National Christian Foundation (NCF) has a solution which allows you to give interests in appreciated real estate (raw land, residential, and/or commercial real estate) to us prior to sale. This strategy avoids capital gains taxes on the gifted portion, and you will likely receive an income tax deduction for the fair market value of the gift, freeing up additional cash flow for more giving.



## THE BENEFITS OF GIVING REAL ESTATE

- Turn non-cash assets into more giving (immediately after the sale).
- Preserve the full fair market value of the gifted asset for Kingdom investing.
- Avoid or reduce capital gains taxes, moving more dollars to ministry.
- Maximize your sale by leveraging the deductions reserved for non-cash assets (up to 30% of AGI).
- Reduce current-year income taxes providing increased cash flow.
- Work with one organization (NCF) but recommend grants to multiple ministries now or over time.

## THE RESULTS OF GIVING BEFORE THE SALE

This table shows the impact of giving a \$1,000,000 piece of land with a \$100,000 cost basis and no debt.

	Family	Taxes	Charity
<b>Sell now, give cash later</b>	\$311,136	(\$51,936)	\$740,800
<b>Give property before the sale</b>	\$420,000	(\$420,000)	\$1,000,000
<b>Difference</b>	\$108,864	\$368,064	\$259,200

As a result of giving assets vs giving cash, **\$259,200 MORE** would go to your favorite ministries and **\$368,064 less** in taxes!

**Learn more or get started today.**

Visit us at [ncfgiving.com/northwest](http://ncfgiving.com/northwest) or call us at 206.577.3603.

## QUESTIONS FOR DISCUSSION AND CUSTOM ILLUSTRATION

How long have you owned the real estate?

What would you estimate to be your cost basis?

What would you estimate to be the fair market value?

What has been the historical use of the property?

Is there any debt associated with the property? If so, how old?

Do you receive any income from the property?

Has an environmental report been completed in the past (if non-residential property)?

Is there a binding contract of sale on the property?

Do you pay Net Investment Income Tax (NIIT), also known as the Medicare surcharge?

## A CLOSER LOOK AT THE TABLE ON PAGE 1

The table below duplicates the one on the first page of this document, along with various assumptions and explanations of the gift of real estate to provide more context.

### Sell now, give cash later

#### Family

**\$311,136**

Your family would receive a charitable deduction for the cash gift of only \$740,800. The income taxes saved from this deduction are \$311,136.  $42\% (37\% \text{ federal} + 5\% \text{ state}) \times \$740,800 \text{ deduction} = \$311,136$ .

#### Taxes

**(\$51,936)**

You sell the property first, triggering a long-term capital gains tax and NIIT of \$259,200.  $28.8\% (20\% \text{ federal} + 5\% \text{ state} + 3.8\% \text{ NIIT}) \times \$900\text{k} (\$1\text{M sale price} - \$100\text{k cost basis}) = \$259,200$ . This is offset by \$311,136 in tax savings from the deduction of the post sale gift, which leaves \$51,936 less in taxes.

#### Charity

**\$740,800**

Only \$740,800 goes to giving since you're giving from the after-tax proceeds (\$1M - \$225k in capital gains - \$34,200 NIIT).

### Give property before the sale

#### Family

**\$420,000**

Your family benefits from the savings of taxes on the larger charitable deduction of \$1M, which could be carried forward up to 5 years. At a rate of 42% (37% federal + 5% state) x \$1M deduction, your family would receive \$420,000 in tax savings.

#### Taxes

**(\$420,000)**

Since NCF (a public charity) owns the asset at the time of sale, no capital gains or NIIT tax is owed. Your family receives the full value of the charitable deduction, leaving you with \$420,000 less in taxes.

#### Charity

**\$1,000,000**

The full \$1M goes to giving since NCF pays no capital gains tax or NIIT on the gifted portion as a public charity.

As a result of giving assets vs giving cash, **\$259,200 MORE** would go to your favorite ministries.

NCF does not provide tax or legal advice. The calculations shown are for illustrative purposes only, and include assumptions that may not apply to your specific facts and circumstances. Thus, there is no assurance the savings depicted in the illustration can or will be achieved. Consult with your professional and/or tax advisors prior to entering into any gift arrangement.

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