



CASE STUDY:

RESIDENTIAL REAL ESTATE

THE SITUATION

- Individual has appreciated, debt-free residential real estate, such as a vacation property.
- Individual is philanthropically inclined, but does not have a long-term charitable plan.
- Individual wants to avoid or minimize capital gains tax liability if they sell the property.
- Individual could benefit from a charitable tax deduction.

CONSIDERATIONS

- Property must be “highly marketable” and should be highly appreciated.
- While the charity will consider investment property with an income stream, the charity’s due diligence process for investment property is considerably more involved.
- Property generally must be debt-free.
- Individual must be willing to irrevocably transfer the property to the charity, which will exclusively control the sale, including negotiating the sale price.

THE SOLUTION

- Individual chooses to establish a *Fidelity*® Charitable Gift Fund™ Giving Account.®
- Individual irrevocably contributes and transfers title of the debt-free residential property to the Gift Fund.
- Individual is eligible to take a tax deduction equal to the Fair Market Value (“FMV”) of the property on the date of the contribution based on a qualified appraisal¹
- The Gift Fund sells the property, typically by engaging a local real estate broker.
- The Giving Account is funded with the net proceeds of the sale, less all of the Gift Fund’s costs incurred in accepting, carrying, and disposing of the property. The proceeds received by the Gift Fund as a result of the sale may be higher or lower than the appraised value of the property.

THE BENEFITS

- Individual funds a Giving Account from which to support IRS-qualified public charities during lifetime and beyond.
- Individual avoids capital gains tax on appreciation.
- Individual may be eligible for a tax deduction of the FMV of the property up to 30% of his Adjusted Gross Income (“AGI”). If the FMV of the donation is greater than 30% of AGI, Individual may be able to carry the deduction forward for 5 years.
- Planned Giving Associate or Advisor provides an innovative way for Individual to meet their philanthropic goals and minimize their tax burden.
- Charities supported by Individual potentially receive larger grants since Individual saves on taxes AND the proceeds have the potential to grow over time in the Gift Fund’s investment programs.

**For more information,
please call a Planned Giving Associate at 800.682.4438
or visit www.charitablegift.org**

¹ Fair market value of the property, as assigned by an independent qualified appraiser, must be reported to the IRS by the donor on IRS Form 8283.

For more complete information about contributing Special Assets, refer to the Gift Fund's Special Asset Contributions brochure.

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The *Fidelity*® Charitable Gift FundSM ("Gift Fund") is an independent public charity with a donor-advised fund program. Various Fidelity companies provide non-discretionary investment management and administrative services to the Gift Fund. Charitable Gift Fund and the Charitable Gift Fund logo are service marks, and Giving Account is a registered service mark, of the Trustees of the *Fidelity Investments*® Charitable Gift Fund. Fidelity and Fidelity Investments are registered service marks of FMR Corp., used by the Gift Fund under license.