

Gifts of real estate, tangible property, securities, and grain or commodities

GIFTS OF REAL ESTATE

A gift of real estate may be a principal residence or vacation residence, a farm, a commercial building, a subdivision lot, or unimproved land. The gift may be the entire property or a fractional interest in the property. You can claim a charitable tax deduction for the full fair market value of the real estate and avoid capital gains taxes on the appreciation. All gifts of real estate require approval by **PEAF** Board of Directors.

RETAINED LIFE ESTATE

You may generate a current income tax deduction by giving a home or farm to **PEAF**, while retaining the right to use the property during your lifetime. The property will also be removed from your taxable estate.

GIFTS OF TANGIBLE PROPERTY

If a gift-in-kind is related to the "charitable purpose" of the foundation, which is quite broad for educational institutions, you may be eligible for a deduction of the asset's full fair market value. Examples of gifts-in-kind include laboratory equipment, art work, special collections, furnishings, machinery, computer equipment, and software. Certain gifts of tangible personal property, including art work, require approval by **PEAF's** Board of Directors.

GIFTS OF SECURITIES

Gifts of appreciated stocks, bonds, or mutual funds held for more than one year can provide special tax advantages. You can claim a charitable tax deduction for the full fair market value of the securities donated to **PEAF** and will never have to pay capital gains taxes on the appreciation. For gifts of publicly traded securities, the deduction is determined by taking the average (or "mean") between the high and low trading prices of the security on the date of the gift (or the nearest trading date(s)). Securities held for less than one year may also be donated, but the deduction is limited to the lesser of cost basis and fair market value.

Closely held stock, Subchapter S corporation stock, limited liability company interests, and partnerships can sometimes be used to make a charitable gift. Any proposed gift of such assets should be reviewed with **PEAF** and your tax advisors in advance. An S corporation, limited liability company, or partnership may also donate specific assets, and the deduction will be divided among the shareholders or members.

GIFTS OF RAISED AGRICULTURAL COMMODITIES

Farmers have a unique opportunity to make a "pre-AGI" charitable contribution of commodity inventory. Not only is this a reduction of taxable income, but in the case of sole proprietor farmers, there is also a potential savings with self-employed social security taxes. There is no requirement to use form 8283 because the farmer is not claiming a contribution deduction, the income is just skipping the tax return altogether. Incorporated farmers can also take advantage of this and sidestep the normal 10% of income corporate charitable deduction limit.

*Note: The techniques and strategies above are intended to provide accurate information regarding the subjects covered; however, they are furnished with the understanding that **PEAF** is not engaged in rendering legal, accounting, or other professional advice or counsel. The foundation encourages the reader to seek competent professional counsel to address any legal or other issues that may arise.*