

# THE MANY BENEFITS OF GIVING REAL ESTATE



## The benefits – and responsibilities – of real estate ownership

Owning real estate has many benefits. Appreciation is perhaps the most desirable of them from a financial perspective. Over time, however, the benefit of appreciation can be overshadowed by the responsibilities of real estate ownership. A personal residence can become too large as children go off to college; a vacation home requires costly upkeep and may be used less frequently; investment properties can become burdensome to maintain and manage. Selling is always an option, but an often overlooked option – with considerable financial benefits – is giving the property to Mount Holyoke College.

## Selling and paying taxes

Selling a property owned for many years can result in excessive taxes. This is particularly the case for vacation homes and investment properties. A significant portion of the sale proceeds may be lost to taxes.

## Giving to Mount Holyoke College and saving taxes

There is an alternative to selling and paying taxes! Make a gift of your real estate to benefit Mount Holyoke College instead and save taxes, and, if you wish, create a new stream of income. When you give a property either directly to Mount Holyoke College or to a charitable remainder trust that will ultimately benefit Mount Holyoke, your tax and financial benefits are likely to be considerable.

## Ways You Can Give Real Estate to Mount Holyoke College

**An Outright Gift** – Give your real estate directly to Mount Holyoke College. While Mount Holyoke will need to determine if the property is suitable for it to accept the transfer itself requires little more than a deed. You will receive an income tax charitable

deduction for the fair market value of your gift and escape all taxes on the capital gains.

### **A Gift in Your Will or Revocable Living Trust**

– If you wish to retain control of your property during your lifetime but desire to make a gift to benefit Mount Holyoke College after your passing, a provision in your will or revocable trust can give the real estate to Mount Holyoke from your estate. Should your needs change, you will have the ability to revoke the gift.

**A Gift in Exchange for Income** – If you wish to give your property to Mount Holyoke College, but are looking to create an income stream or replace lost rental income, you can transfer the property into a tax-exempt charitable remainder trust. You will receive an income tax charitable deduction for a portion of the fair market value of the property. The trust will sell the property and no taxes will be due. All the proceeds from sale will be invested. You and/or others you designate in the trust agreement will receive payments for life. When the trust terminates, the remaining trust assets will go to benefit Mount Holyoke College.

**A Gift of Some But Not All** – You can give a percentage interest in your property to Mount Holyoke College and keep the remaining interest. This will result in an income tax charitable deduction for the fair market value of the interest you give to Mount Holyoke College. It is possible for both Mount Holyoke and you to join together to sell the property, with both you and Mount Holyoke College receiving cash proceeds. You can use your charitable deduction to offset capital gain taxes from the sale of the interest you retained. You can also give a percentage interest in your property to a charitable remainder trust, which will generate an income stream for you and loved ones once the property is sold.

## We are here to assist

If you have questions please contact our Office of Gift Planning at 413-538-2637, or by sending an email to [giftplanning@mtholyoke.edu](mailto:giftplanning@mtholyoke.edu).