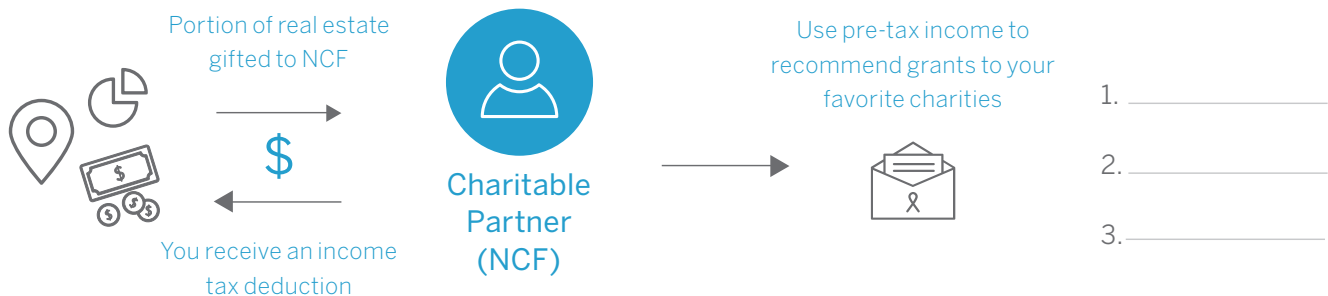


Using Your Real Estate Income to Fund Charity

Income from your real estate holdings can generate more dollars for charitable impact

Many generous individuals with income-producing real estate have a heart to give charitably but feel hindered by their limited cash flow, non-cash assets, and growing taxation. Our team at the National Christian Foundation (NCF) has a solution which allows you to give real estate (commercial real estate, rental income property, etc.) to us while continuing to manage the property. This strategy reduces income taxes and creates charitable cash flow, allowing you to give more.



THE BENEFITS OF GIVING REAL ESTATE

- Unlock more dollars for charity now, without waiting for a liquidation event
- Maximize available income tax deductions using non-cash assets (up to 30% of AGI)
- Reduce or avoid taxes on annual income from the gifted portion, providing increased cash flow
- Avoid or reduce capital gains on the gifted portion if and when the property is sold
- Reduce estate taxes, since a portion of the property is owned by NCF (not your estate)
- Create innovative asset transfer opportunities (2nd generation, 3rd party, key employee, etc)

THE RESULTS OF GIVING REAL ESTATE INCOME

This table shows the impact of giving a 50% interest in a \$1.5M rental property, which produces \$100,000/year in rental income, assuming the giver generally reports \$500,000 in income.

	Annual	5 Year Total
Tax savings from the non-cash deduction	\$63,000*	\$315,000
Tax savings due to reduced AGI	\$22,900*	\$114,500
Ongoing charitable cash flow	\$50,000	\$250,000
Reduction in capital gains tax if/when sold	50%	

*tax savings could be used to fund additional giving, additional investing, or some of both.

Learn more or get started today.

Visit us at ncfgiving.com/houston or call us at 832.255.2026.

QUESTIONS FOR DISCUSSION AND CUSTOM ILLUSTRATION

How long have you owned the real estate?	Do you receive any income from the property?
What would you estimate to be your cost basis?	Has an environmental report been completed in the past (if non-residential property)?
What would you estimate to be the fair market value?	Would the property be considered inventory? In other words, are you a dealer in property?
What has been the historical use of the property?	Do you pay Net Investment Income Tax (NIIT) also known as the Medicare surcharge?
Is there any debt associated with the property? If so, how old?	

A CLOSER LOOK AT THE TABLE ON PAGE 1

The table below is a duplicate of 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.

	Annual	5 Year Total
Tax savings from the non-cash deduction <ul style="list-style-type: none"> You receive a charitable deduction for the fair market value of the gifted interest (50% of \$1.5M or \$750k) Personal taxes reduced by \$63,000 annually (37% federal + 5% state = 42% x \$750k gift = \$315,000 or \$63,000/yr for 5 yrs) Assumes annual AGI is \$500k (non-cash deductions capped at 30% of AGI or \$150k/yr, so \$750k deduction spread over 5 years) 	\$63,000*	\$315,000
Tax savings due to reduced AGI <ul style="list-style-type: none"> In this scenario, 50% of the annual rental income (\$50k) comes off your personal income statement This could save you an additional \$22,900 per year in taxes (37% federal + 5% state + 3.8% NIIT = 45.8% x \$50k = \$22,900) 	\$22,900*	\$114,500
Ongoing charitable cash flow <ul style="list-style-type: none"> 50% of the annual rental income (\$50k) would be allocated to your Giving Fund tax-free each year moving forward This “charitable cash flow” goes into your Giving Fund for more giving As the advisor for the Giving Fund, you retain the right to recommend grants to your favorite charities and charities 	\$50,000	\$250,000
Reduction in capital gains tax if/when sold <ul style="list-style-type: none"> Since NCF owns 50% of the asset as a charitable partner, if and when the property is sold any capital gain tax would typically be reduced by 50%, freeing up even more money for charity 		50%

*Tax savings could be used to fund additional giving, additional investing, or some of both. Depreciation recapture could offer even greater benefits.

The tables shown are for illustration purposes only and include assumptions on tax rates, business types, and structure which may or may not apply to you, so there is no assurance that the savings depicted can or will be achieved. Consult with your attorney, financial advisor, and/or tax advisor to analyze your particular situation before proceeding.

Learn more or get started today.

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