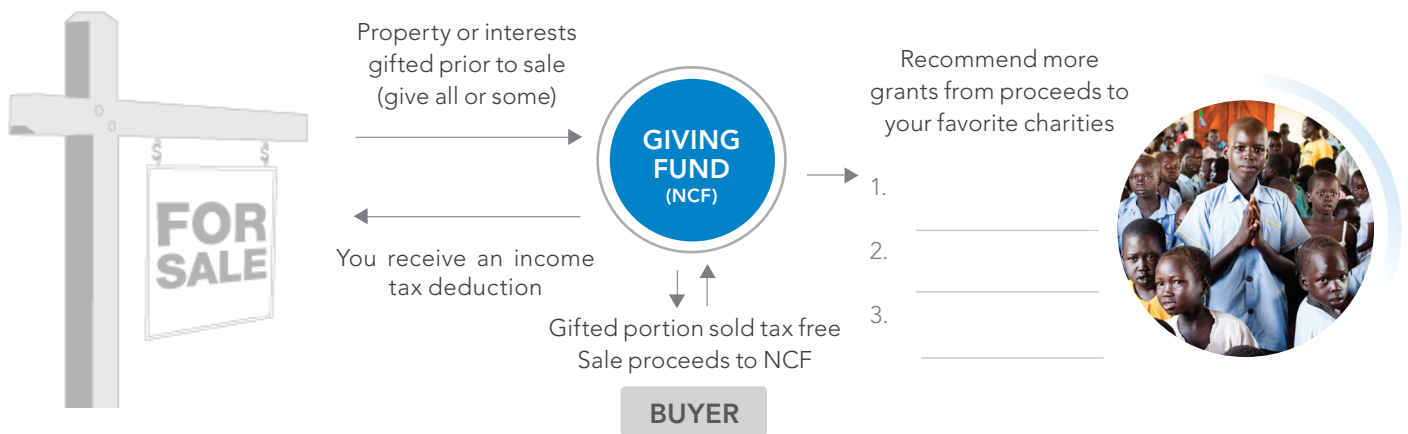


# USING YOUR REAL ESTATE TO FUND MINISTRY

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, illiquid assets, and growing taxation of their investments. 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 NCF 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 illiquid assets into more Kingdom 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.

	Sell then Give	Give then Sell
Capital Gains Tax	\$180,000	\$0
Income Taxes Saved	\$328,000	\$400,000
Net Tax Benefit	\$148,000	\$400,000
Giving	\$820,000	\$1,000,000

As a result of giving assets vs giving cash, over **\$180,000 MORE** would go to your favorite ministries while increasing net cash flow by \$72,000 for more giving or other options!

## A FIVE-STEP PROCESS FOR MORE GIVING

- 1 Exploration
- 2 Custom Illustration
- 3 Due Diligence
- 4 Closing
- 5 More Giving!

Get started today. Visit [nationalchristian.com/wisconsin](http://nationalchristian.com/wisconsin) or call 262.796.9910.

## 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?

## 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. Note: 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.

	Sell then Give	Give then Sell
<b>Capital Gains Tax</b> <ul style="list-style-type: none"> <li>Sell, then Give: You sell the property first, triggering a long-term capital gains tax of \$180k. <math>20\% (15\% \text{ federal} + 5\% \text{ state}) \times \\$900\text{k} (\\$1\text{M sale price} - \\$100\text{k cost basis}) = \\$180\text{k}</math></li> <li>Give, then Sell: Since NCF (a non-profit) owns the asset at the time of sale, no capital gains tax is owed</li> </ul>	\$180,000	\$0
<b>Income Taxes Saved</b> <ul style="list-style-type: none"> <li>Sell, then Give: <math>40\% (35\% \text{ federal} + 5\% \text{ state}) \times \\$820\text{k deduction} = \\$328\text{k}</math> in income taxes saved</li> <li>Give, then Sell: <math>40\% (35\% \text{ federal} + 5\% \text{ state}) \times \\$1\text{M deduction} = \\$400\text{k}</math> in income taxes saved (assumes full deduction can be taken against ordinary income)</li> </ul>	\$328,000	\$400,000
<b>Net Tax Benefit</b> <ul style="list-style-type: none"> <li>Sell, then Give: \$180k in capital gains tax owed offset by \$328k in income taxes saved = \$148k in net tax savings</li> <li>Give, then Sell: \$0 in capital gains tax owed plus \$400k in income taxes saved = \$400k in net tax savings</li> </ul>	\$148,000	\$400,000
<b>Giving</b> <ul style="list-style-type: none"> <li>Sell, then Give: Only \$820k goes to Giving since you're giving from the after-tax proceeds (\$1M - \$180k in capital gains)</li> <li>Give, then Sell: The full \$1M goes to Giving since the NCF pays no capital gains tax</li> </ul>	\$820,000	\$1,000,000

As a result of giving assets vs giving cash, over **\$180,000 MORE** would go to your favorite ministries.

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