



GIFTS OF REAL ESTATE

AN EBOOK FOR OWNERS OF REAL ESTATE

BIBLICAL STEWARDSHIP

LEAVING A LEGACY

THE BIBLE OFFERS THREE IMPORTANT LESSONS FOR US AS WE CONSIDER OUR GIVING:

1. **Never forget God owns it all.** The earth and all it contains are the Lord's. Everything we have is a gift from above. Our God-ordained role is to faithfully steward the resources that God entrusts to us. To be a good and faithful steward requires that we direct our time, talents, and treasures and apply them in ways that serve God's purposes and give him glory. (Psalm 24:1-2)
2. **Model faithful stewardship.** The Bible tells us that a good man leaves an inheritance to his children's children. Generational wealth is biblical. Modeling proper stewardship and preparing our children to be good stewards is part of our Christian calling. (Proverbs 13:22)
3. **Share resources.** God commands us to be openhanded toward our brothers and toward the poor and needy. He asks us to give generously and without a grudging heart. God specifically directs you to use your resources to provide for his work and his workers. (Deuteronomy 15:10-11)

Today you can honor God through giving to church, charities and ministries that are committed to carrying out God's work.

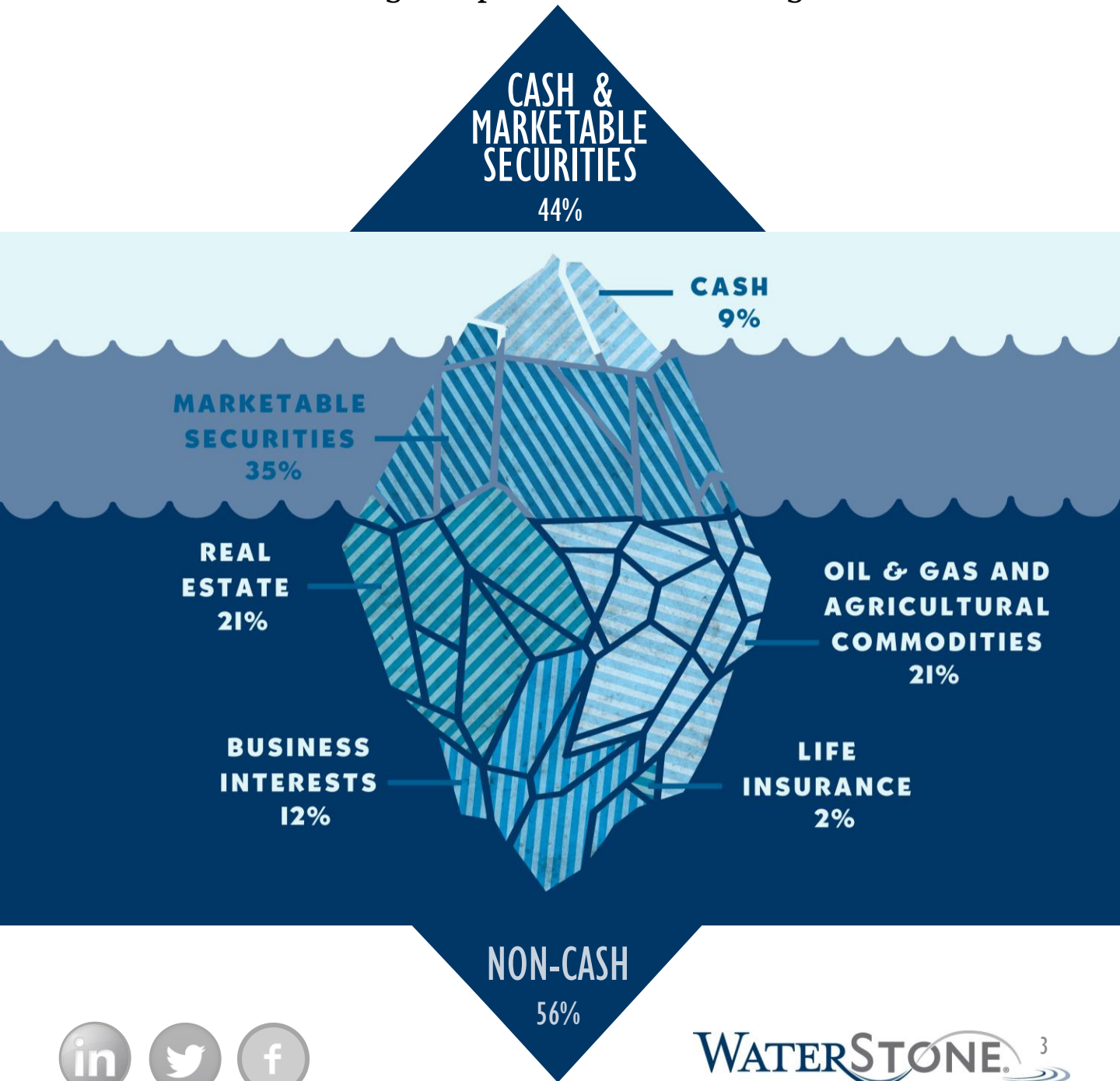
THE BIBLE LAYS OUT FOR US A MODEL OF GIVING.
CREATE A LEGACY OF FAITHFUL STEWARDSHIP BY GENEROUSLY GIFTING
YOUR RESOURCES TO SUPPORT GOD'S WORK.



THE UNSEEN OPPORTUNITY

The bulk of your wealth is likely comprised of complex assets.

Through WaterStone, families can multiply their giving impact by transforming complex assets into living water.



REAL ESTATE ASSETS



If your wealth is concentrated in real estate holdings you face several challenges. Real estate assets are typically illiquid, capital-intensive and as they appreciate in value, the pending tax bill that you will have to pay also increases.

A giving strategy through appreciated real estate assets can be customized to meet your unique circumstances and help you achieve your personal goals.

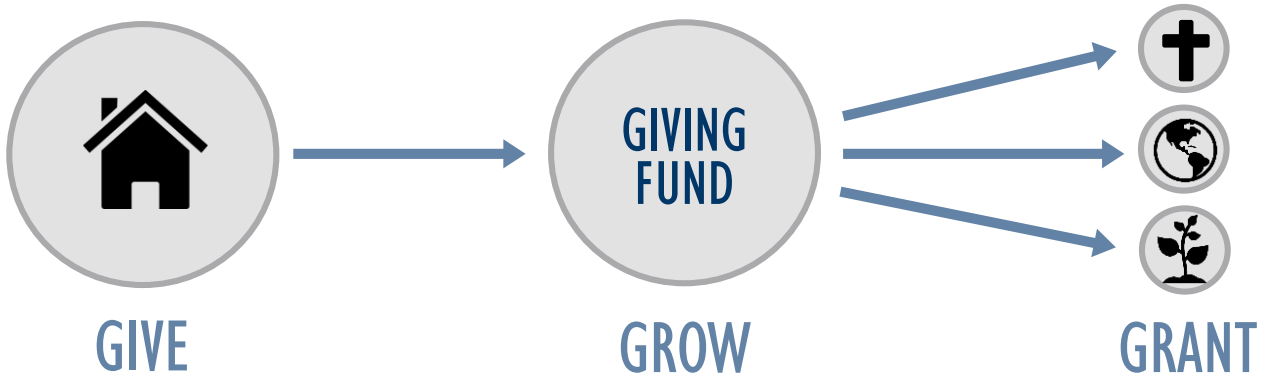
Whether your real estate ownership is in land, residential property or income-producing property, there are giving solutions that can help you. The type of real estate asset you own can help determine the best way to make your giving most effective. Different ownership types carry different tax requirements and call for custom solutions.

FLEXIBLE GIVING OPTIONS

- Outright or partial gift
- Charitable Remainder Trust
- Life estate
- Estate bequest



GIFTS OF REAL ESTATE



STEPS

1. Choose the real estate asset to gift to your Giving Fund
2. Receive an immediate tax deduction based on the property's appraised value
3. Property is sold; proceeds are actively managed inside your Giving Fund.
4. Suggest an investment option: choice of investment pool or an investment advisor (for qualified accounts)
5. Recommend grants to your preferred charities through your Giving Fund

GIFTABLE ASSETS

LET REAL ESTATE BE THE CORNERSTONE OF YOUR GIVING

FARM, RANCH,
FOREST OR
UNDEVELOPED
LAND

BUSINESS
BUILDING

VACATION
PROPERTY

INCOME-
PRODUCING
RENTAL OR
COMMERCIAL
PROPERTY



KINGDOM FIRST, UNCLE SAM SECOND

Let's examine the economic benefits of intentional giving. Let's assume you have a \$1 million real estate asset with a cost basis of zero. If you sell the property first you will have a significant tax bill. First you'll pay capital gains tax on the appreciated value of the property. The capital gains rate is up to 23.8%. So instead of receiving \$1 million from the sale, you now receive only \$762,000 of the proceeds. The good news is you receive a tax deduction. The savings in your income tax bill could be as much as \$339,852. So here's the financial result by selling the real estate then gifting it to your preferred charities.

SELL FIRST	
\$1,000,000	Asset Sold (\$0 cost basis)
\$1,000,000	Proceeds of Sale
\$238,000	Owed in Capital Gains (23.8%)
\$762,000	Gift Net Proceeds
\$762,000	Tax Deduction
\$339,852	Income Tax Savings (39.6% federal & 5% state)

GIVE FIRST	
\$1,000,000	Asset Gifted (\$0 cost basis)
\$1,000,000	Post Gift Proceeds of Sale
\$0	Owed in Capital Gains (23.8%)
\$1,000,000	Gift Net Proceeds
\$1,000,000	Tax Deduction
\$446,000	Income Tax Savings (39.6% federal & 5% state)

\$339,852	COMBINED TAX BENEFIT
\$762,000	CHARITY SHARE
\$238,000	IRS SHARE

\$684,000	COMBINED TAX BENEFIT
\$1,000,000	CHARITY SHARE
\$0	IRS SHARE

While that seems to be a pretty good deal, through intentional giving you can generate a better economic impact, both for the Kingdom and for yourself. With an intentional giving approach, you give the real estate asset first, then sell it. The same \$1 million asset is now gifted to a charitable foundation. Since capital gains taxes are optional, you have opted to pay zero. Good choice. Your preferred charities now receive \$1 million. You receive a \$1 million tax deduction. No capital gains, a greatly enhanced tax income tax deduction: Together that means you save more in taxes and your preferred charities get more money. Uncle Sam gets a lot less. In fact, the IRS receives nothing. Intentional giving is a win-win-win!

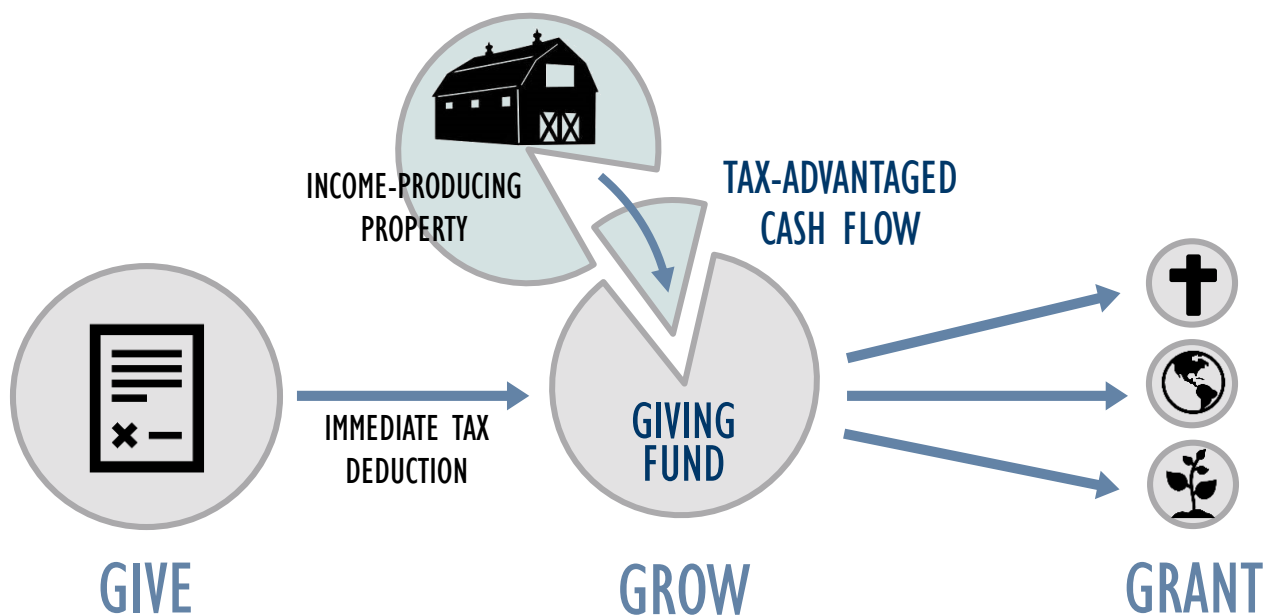


REAL ESTATE GIVING ENGINE

REAL ESTATE GIVING ENGINE

What if you own a real estate asset that is generating a nice return through steady cash flow? You can benefit by utilizing a strategy called a Real Estate Giving Engine. You gift the \$1 million real estate asset or a partial share. However, instead of selling it from your Giving Fund, the Giving Fund holds the property. As the real estate property pays out income, a pro rata share flows to your Giving Fund.

Your Giving Fund acts like a charitable bank account. As it receives "deposits" from your real estate cash flow, you can direct grants to your preferred charities and ministries and churches.



PROPERTY WITH OIL ASSETS

If your real estate property is blessed with oil assets, you can multiply your giving impact through these as well. Even if you own a working interest which is subject to UBIT, there's a giving strategy that could reduce your UBIT tax bill by 50%.

By utilizing a legal entity known as a Supporting Organization Trust, your oil & gas working interest can reduce the tax paid to the government by 50%. The trust benefits from its ability to receive a charitable deduction (up to 50% of AGI) as it transfers cash to your Giving Fund or directly to charity through a Charity Advised Fund.



5 STEPS TO GIVE REAL ESTATE ASSETS

1. Review ownership interest documents

2. Prepare pro forma tax analysis with CPA

3. Develop a custom giving solution and open a WaterStone Giving Fund

4. Transfer the ownership interest

5. Enjoy the blessing of tax efficient, higher impact giving



INNOVATIVE CHARITABLE SOLUTIONS

WATERSTONE CAN HELP

WaterStone is a ministry committed to honoring God by serving givers at the intersection of faith and finance. We can help you meet your year-end giving deadlines, explore your giving heart and craft tax-advantaged giving solutions which maximize your impact for the Kingdom while minimizing taxes and safeguarding your family's giving legacy. Many of our giving strategies are easy to establish and implement. In addition, we can give you trusted advice on giving through complex assets like real estate, business ownership interests, oil & gas and agricultural commodities.



GIVING FUND

Your charitable bank account



GIVING ENGINE

Provides efficient giving from your assets' cash flow to make tax-advantaged gifts to charity



ESTATE FUND

A deferred fund to establish your family legacy



CHARITABLE REMAINDER TRUST

Lifetime income for up to eight lives with an end-of-life charitable impact



CHARITABLE POOLED TRUST

Lifetime variable income with historically-high tax deductions and a charitable impact



CHARITABLE GIFT ANNUITY

Lifetime fixed payout: reinsured to safeguard income payments with immediate financial benefit to preferred charities



SINCE
1980

\$950M
CONTRIBUTIONS

\$600M
GRANTS

MORE THAN \$500M IN COMPLEX ASSET CONTRIBUTIONS

NEARLY \$500M IN ASSETS UNDER ADVISEMENT
UP 42% OVER LAST YEAR

BEHIND EVERY
NUMBER IS A STORY

OVER 5,000 CHARITIES SUPPORTED

AVERAGING \$1M IN GRANTS WEEKLY

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