

THE NEED

A person may desire to leave his or her house or farm to charity at death but would like a current tax benefit.

THE SOLUTION

Donors can deed a home or farm to charity but keep the right to use the home or farm for their remaining lifetime.

THE BENEFITS

Tax Deduction

The donor receives a current federal income tax deduction for the present value of the remainder interest in the home or farm.

Preserves Lifetime Use

The donor is able to use and control the home or farm while alive.

THE DONOR

Donors who want to remain living in their homes and desire a current income tax deduction.

LIFE ESTATE RESERVED

Charity accepts a gift of property—either a personal residence or farm—and the donor retains the right to use the property for his or her lifetime.

THE DETAILS

A donor executes a deed transferring a house or farm to charity. On the deed, the donor retains a “life estate” that grants the donor the right to use the home for life. At the time of the gift, the donor and charity enter into a Maintenance, Insurance and Taxes (MIT) agreement.

Duration

The Life Estate typically lasts for the life of the donor.

Deed Restrictions

The deed of the remainder interest to charity must not be restricted.

Mortgage

It is possible for a donor to make a gift of a remainder interest even though there is a mortgage upon the residence.

MIT Agreement

The donor agrees to be responsible for the maintenance, insurance and taxes on the property.

