

How to Make a Gift of Real Estate

Thank you for considering supporting our health care mission by making a gift of real estate. Aurora Health Care Foundation, the philanthropic arm of Aurora Health Care, accepts gifts on behalf of all Aurora hospitals and programs. The Foundation welcomes a variety of real estate gifts. Depending on the type of gift, a donor may enjoy tax savings, lifetime payments and freedom from carrying costs, as well as experiencing the joy of giving.

Real estate gifts require more planning than gifts of cash or marketable securities. The Foundation will need time to gather necessary information to evaluate the legal and financial impact of accepting a gift of real estate. If the Foundation decides to accept a gift of real estate, donors should be aware that the sale of donated property requires patience and realistic pricing. Please review the following information with your tax and legal advisors.

Communicate with our Office of Gift Planning

We will need to know the type of property you are thinking of donating, as well as the method of making the gift. Options include:

- An outright gift of your real estate.
- A gift of real estate through a charitable remainder trust that provides payments to you and/or others you designate as beneficiaries. At the end of the trust term, the amount remaining goes to support our mission.
- A gift of real estate wherein you retain the right to occupy your residence or use farmland during your life, and give the remainder interest to the Foundation. This type of gift is called a retained life estate.
- A gift of an undivided, partial interest in the real estate.

Our Gift Planning officers can give you further educational information about the potential tax and financial benefits of these and other gift methods.

Provide information and documents to our Office of Gift Planning

Because legal restrictions may limit the ability of Aurora Health Care Foundation to own or sell a parcel of real estate, the Foundation must review all relevant information before deciding whether to accept a gift of real estate. Information and documents typically needed for review include:

- A copy of the deed to the property.
- A copy of any condominium agreements, restrictive covenants, leases and/or management agreements.
- A copy of a current real estate appraisal by a qualified real estate appraiser.
- A copy of any property tax statements and insurance policies.
- Information regarding environmental issues.
- Estimated or actual carrying costs for the real estate. These costs include property taxes, insurance and maintenance. Depending on the type of property, this may also include utilities, grounds care, snow removal, caretaker fees and condominium fees.
- Detailed rental history for property for last five years, including tenant and rent payouts.

Obtain a “qualified appraisal”

For tax purposes, the donor will need to obtain a “qualified appraisal,” as defined by the Internal Revenue Service (IRS), and provide a copy to the Foundation. The qualified appraisal is required by the IRS for the donor to substantiate the value of the gift and receive a charitable tax deduction. The cost of the qualified appraisal is borne by the donor. In some cases a donor may be able to deduct this cost.

Give the Foundation time to review and accept the gift

The Foundation’s Gift Acceptance Committee will conduct a due diligence review to decide whether to accept the proposed gift. We will keep the donor informed about the timing and the process by phone or email.

Make arrangements to transfer the property to the Foundation

Once the proposed gift has been approved, the Foundation’s Office of Gift Planning will coordinate with the donor and the donor’s legal advisors to arrange the closing and transfer of the title. The date on which the title to the property is transferred to the Foundation is used as the date of the gift.

IRS reporting requirements

Aurora Health Care Foundation cannot provide tax advice but can assist the donor’s tax advisors with the calculation of the donor’s charitable tax deduction. Please bear in mind that gifts of remainder interests will limit the donor’s deduction to a portion of the appraised value of the real estate.

The donor is responsible for substantiating his/her charitable tax deduction for the gift of real estate by obtaining a qualified appraisal (described above). The appraisal is used to prepare IRS Form 8283, which the Foundation will sign. The donor is required to file this form with his/her tax return for the year in which the deduction is claimed. The IRS may disallow a deduction if Form 8283 is not filed. If the Foundation sells the donated property within three years of the gift date, the Foundation must disclose the sale price by filing IRS Form 8282. In such an event, the Foundation will send a copy of the completed Form 8282 to the donor.

For more information:

John Holmberg, CFP®
Vice President, Gift Planning
630.929.6945
john.holmberg@advocatehealth.com

Office of Gift Planning
Aurora Health Care Foundation
950 N. 12th Street
Milwaukee, WI 53233

Phone: 877.460.8730

Tax ID: 39-6044569

Note: This information is intended to be for educational purposes and should not be considered legal, tax or accounting advice.