



**FIDELITY Charitable®**  
Make more of a difference

## Put Your Property to Good Use

Mike, a recently retired CEO of a publicly traded company, was ready to downsize. His financial advisor suggested an interesting option that would not only simplify his lifestyle but also help fund Mike's passion to support charities focused on issues related to homeless youth during his retirement. Mike had purchased a house at the beach years ago, and it had turned out to be a very good investment. Over time, it had appreciated, and Mike's financial advisor suggested that he use the house to provide funds for his philanthropic plans, especially since his income in retirement would be reduced.



### **Potential benefits of donating real estate directly to Fidelity Charitable®**

- Provide more money to charities
- Minimize capital gains tax exposure
- Receive a tax deduction



## Maximize Your Charitable Giving

Instead of selling the house now valued at \$1.5 million and contributing the proceeds in cash, Mike's advisor suggested a better way: By contributing the asset to Fidelity Charitable®, Mike would be able to take a tax deduction of the fair market value of the house, based on a qualified appraisal\*, and eliminate his capital gains tax on the appreciation.

### Reach Rewarding Results

Fidelity Charitable was able to sell the asset, and the proceeds went directly into Mike's Giving Account®. As a result, Mike reduced his tax obligation by \$365,473 and was able to dedicate \$261,800 more to charity than if he had contributed the after-tax proceeds from the sale of his house.

Mike reduced his tax obligation by:

**\$365,473**

Additional amount dedicated to charity:

**\$261,800**

\*Fair market value of the property, as assigned by an independent qualified appraiser, must be reported to the IRS by the donor on IRS Form 8283.

# Donate When and Where You Want



In addition to enjoying tax benefits and providing additional funds to charity, Mike also enjoyed an additional benefit: the spontaneity of giving with a dedicated charitable fund. Immediately after hearing an inspiring radio interview with the founder of a homeless outreach organization, Mike felt touched by her story and thought, “This is a group I want to help.” And it was simple for him to do so – just by recommending a grant from his Giving Account®.

## Have Something Similar in Mind?

If a donation scenario like Mike’s sounds like it could fit your personal situation, know that Fidelity Charitable has the experience and technical expertise to help. Fidelity Charitable can:



Simplify the process of contributing high-value, highly-appreciated real estate



Help you realize the most favorable tax consequences with the greatest charitable impact



Guide the entire asset transfer process ( *Please see considerations when contributing real estate* )



Work with you and your advisors in advance of the contribution

### Considerations

- The property must be “highly marketable” and ideally will be highly appreciated.
- Since contributions involving real estate involve additional due diligence and processing, only properties with a fair market value of at least \$1.5 million will be considered.
- While Fidelity Charitable will consider investment property with an income stream, the due diligence process for investment property is considerably more involved.
- The property generally must be debt free.
- The property must be irrevocably transferred to Fidelity Charitable, which will exclusively control the sale, including negotiating the sale price.

**To learn more, please contact your financial advisor  
or Fidelity Charitable at 800-952-4438.**

# By The Numbers

## Donating Versus Selling

  **Value of Mike's home**  
**\$1,500,000**

Original purchase price.....\$400,000  
Mike's federal long-term capital gains rate<sup>1</sup>..... 23.8%


### Mike sells the house and donates the proceeds

Fair market value of house..... \$1,500,000  
Long term capital gains tax paid..... \$261,800  
Charitable contribution / your charitable deduction..... \$1,238,200



### Mike donates his house directly to Fidelity Charitable®

Fair market value of house..... \$1,500,000  
Long term capital gains tax paid..... \$0  
Charitable contribution / your charitable deduction..... \$1,500,000

 **Mike reduced his tax obligation by<sup>2</sup>:**  
**\$365,473**

 **Additional amount dedicated to charity:**  
**\$261,800**

1. This assumes all realized gains are subject to the maximum federal long-term capital gain tax rate of 20% and the Medicare surtax of 3.8%.  
2. The property included in this example is not considered a personal residence for tax purposes. Assumes no unrelated business taxable income (UBIT) and top ordinary income tax rate of 39.6% for valuing charitable deduction. Total Donor Tax Savings reflects the federal income tax deduction less any long-term capital gains tax paid. It does not account for any state and local taxes, alternative minimum tax, or limitations to itemized deductions that may be applicable to tax payers in higher federal income tax brackets.

Information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice. Content provided relates to taxation at the federal level only. Availability of certain federal income tax deductions may depend on whether you itemize deductions. Rules and regulations regarding tax deductions for charitable giving vary at the state level, and laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy, or completeness of the information provided. Charitable contributions of capital gain property held for more than one year are usually deductible at fair market value. Deductions for capital gain property held for one year or less are usually limited to cost basis. Consult an attorney or tax advisor regarding your specific legal or tax situation.

Fidelity Charitable is the brand name for Fidelity® Charitable Gift Fund, an independent public charity with a donor-advised fund program. Various Fidelity companies provide services to Fidelity Charitable. The Fidelity Charitable name and logo, and Fidelity are registered service marks, of FMR LLC, used by Fidelity Charitable under license. Giving Account is a registered service mark of the Trustees of Fidelity Charitable.