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Boston, MA **Leading Advisor**

Fidelity CharitableSM

Ryan Boland, Director, Complex Asset Group

“When does it make sense to donate real estate to charity?”

By Ryan Boland

While the donation of appreciated securities—stocks, bonds and mutual funds—is common, relatively few individuals donate real estate to charity. Under specific circumstances, however, such a donation can be mutually advantageous to both the giver (the owner of the real estate) and the recipient (the charitable organization).

At a most basic level, those circumstances are: (1) when the property in question has significant long-term appreciation, such that the owner would incur a sizable capital gains tax upon selling it, and (2) when the property is relatively easy for the charitable organization to liquidate, with minimal chance for incurring liability or major carrying costs prior to the sale. These conditions are most frequently met by individuals seeking to donate a long-held primary or secondary home. The donation of commercial or industrial real estate is also possible, but brings many other potential concerns, including possible tenant or lease issues and other legal complications.


The ideal scenario might look something like this: A couple who bought their house 25 years ago for \$250,000 has seen it appreciate to a current valuation of \$2 million. Their mortgage is fully paid off, and their three children

have grown and started their own families. Actively philanthropic, the couple consider selling their home and donating the profit to charity.

When they approach their financial advisor with the idea, however, he informs them the direct donation of the home to a public charity would allow them to take a full, fair-market-value tax deduction while eliminating the substantial capital gains tax they would incur if they sold the property first and then donated the proceeds. **This two-pronged tax benefit is possible with the donation of personal non-cash assets, be it public or private stock, bonds or real estate, and makes the donation of such assets to public charities very attractive for donors.** If the same property were instead transferred to a private foundation, in most instances the charitable tax deduction would be limited to the donors' basis in the property.

In this scenario, once the donors decide to donate the property, they have a choice to make regarding the nonprofit organization that will receive the gift: They can give to a single-cause charity or to an umbrella charity (i.e., a charity of charities). One option that increasing numbers of donors are finding advantageous

is the employment of donor-advised fund (DAF) programs. DAF programs allow individuals or families to set up a dedicated account for giving and then to recommend grants to many different charitable organizations. The number of, and level of support to, individual charities can be adjusted over time. The DAF account also allows donors to set up a schedule for giving over the course of many years, or even to pass down the account so that heirs can continue to give. It is a very convenient option for donors hesitant to give an entire, large gift to a single cause.

When all conditions are met and the proper process is observed—among donors, their advisors and the recipient public charity—the end result of donating real estate directly to charity is that donors are able to give more than they would have through more conventional methods of giving—a true win-win for donors and charities alike. Privately owned real estate (residential, business and farm) comprises approximately \$35.87 trillion of wealth in the United States*. If this method of giving were employed more frequently, it could do immeasurable good as a significant source of new charitable funds. 

*U.S. Department of Commerce Bureau of Economic Analysis, 12/31/07. This number does not reflect equity in the underlying real estate.

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“Under specific circumstances, such a donation can be mutually advantageous to both the giver and the recipient.”

– Ryan Boland

How to reach Ryan Boland

I look forward to discussing how to maximize your charitable gift. I can be reached at 800.682.4438.

MY HOBBIES ARE...

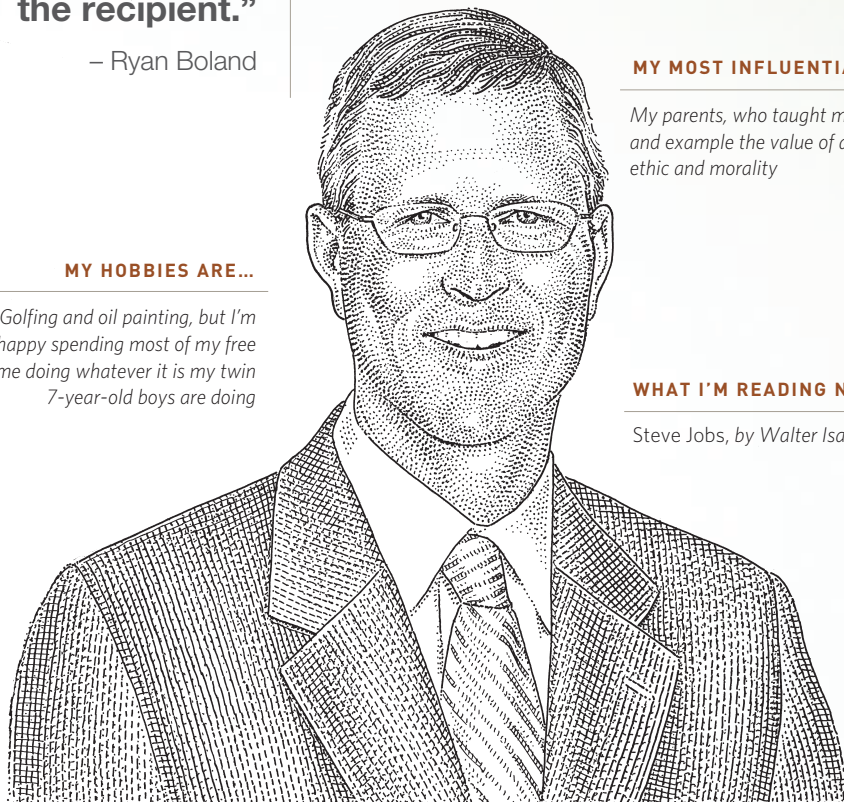
Golfing and oil painting, but I'm happy spending most of my free time doing whatever it is my twin 7-year-old boys are doing

MY MOST INFLUENTIAL PEOPLE...

My parents, who taught me by lesson and example the value of a good work ethic and morality

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Steve Jobs, by Walter Isaacson



About Ryan Boland

Ryan Boland is a director of the Complex Asset Group for Fidelity CharitableSM, an independent public charity with a donor-advised fund program. He is responsible for reviewing complex asset contributions (such as privately held C-corp or S-corp shares) for acceptance by Fidelity Charitable. Prior to joining Fidelity Charitable, Mr. Boland was a partner at the law firm of Taylor, Ganson & Perrin LLP in Boston. His practice focused on estate and trust planning, estate administration and real estate. He received his bachelor of science degree in business administration from Providence College and his juris doctorate, cum laude, from the New England School of Law.

Professional Experience **15 years**

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Professional Services Provided
Charitable planning services

Education
JD, New England School of Law; BS, business administration, Providence College



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