



Gifts of Real Estate

Consider making a gift to USC of your home or other valuable real estate. In doing so, you receive an income tax deduction, avoid capital gains tax, and support a cause that's important to you. USC supports a variety of real estate gifts.

Benefits and Considerations

- **Transfer the burden of managing and selling your property to USC.** USC's Office of Real Estate and Asset Management has an experienced team of professionals with all the resources needed to facilitate most real estate gifts. By making a gift and utilizing their resources, you could relieve yourself of the burden and expense of managing, marketing and selling your property.
- **Types of real estate suitable for a gift.** USC accepts most types of marketable real estate, including residential and commercial properties, apartment buildings, and undeveloped land. You can even gift a partial interest in most types of real estate.
- **Avoid capital gains tax.** There is no capital gains tax due upon gifts of real estate to a non-profit. So by gifting appreciated real estate to USC, you avoid paying capital gains taxes that might have been due if you had sold the property. By avoiding this tax, the entire sale proceeds can be used by USC for your charitable purpose.
- **Receive Income Tax Deduction for entire FMV.** For outright gifts, donors receive an income tax deduction for the full fair market value of the property.

Outright Gift of Real Estate

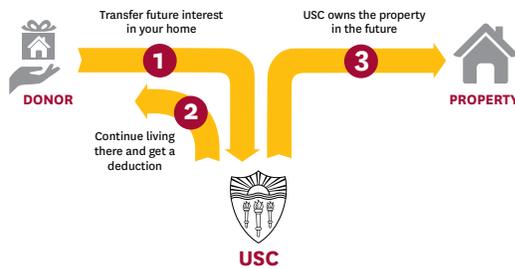


An outright gift is the most efficient way to make an immediate impact. It also provides the largest income tax deduction. Or consider making an outright gift through your estate plan. USC can handle all of the transactional details relieving you or your estate of this burden.

- **Appraisal.** You will likely need to obtain an appraisal to establish the fair market value of any gifted property, and to substantiate your charitable deduction per the IRS.
- **Property subject to a mortgage.** Property subject to a mortgage is generally not suitable as a charitable gift. There may be adverse tax consequences for the donor; specifically, a donor may have to pay income tax on as much as the entire amount of the mortgage, since the IRS may treat this as taxable relief of indebtedness.

Real Estate Gift Structures Supported by USC

Retained Life Estate

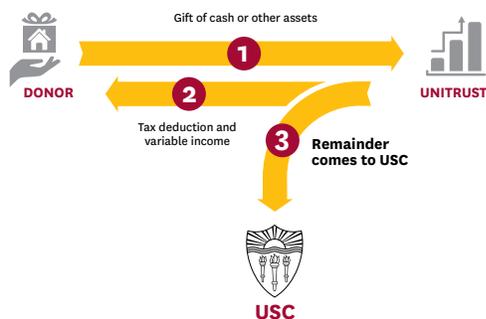


How it works:

- 1 You transfer title to your personal residence, vacation home or farm to USC now, but you retain the right to live in it or use it for the rest of your life.
- 2 You receive an immediate income tax deduction for the remainder interest gift to charity.
- 3 After you pass away, USC takes possession of the property. The property is then sold and the net proceeds will be used for the purpose you designate.

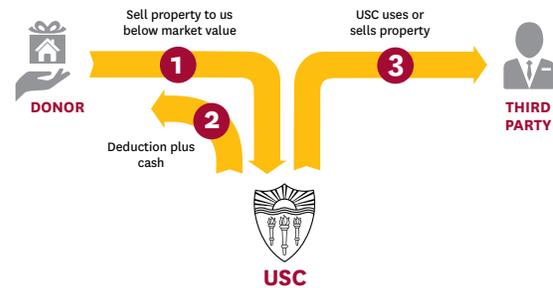
Example: You and your spouse (assume ages 70 and 75) establish a retained life estate on your home with a FMV of \$1,000,000. You would receive an immediate charitable income tax deduction of \$655,026, and to the extent needed, up to five additional years within which to use it.

Using RE to Fund Life Income Gifts



You can use gifts of real estate to fund a life income gift, such as a charitable gift annuity or charitable remainder unitrust. A Flip Trust is available to accommodate circumstances when there's a delay between the time of the gift and the sale of the property.

Bargain Sale



How it works:

- 1 You sell your property to USC for a price below fair market value.
- 2 You receive two benefits:
 - Cash from USC, and
 - A charitable income tax deduction for the difference between the cash received and the property's fair market value.
- 3 USC sells the property and uses the net proceeds for the charitable purpose you intended.

Example: You own a parcel of real estate appraised at \$1,000,000. You sell this property to USC for \$250,000 and receive two important benefits: \$250,000 in cash from USC, and a charitable income tax deduction for \$750,000.

To request more information: Please feel free to contact our office to discuss any of these concepts, or to set up a meeting with a Gift Planning Officer and/or a representative from the Department of Real Estate and Asset Management:

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