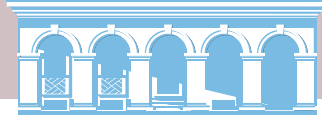


REAL ESTATE

GIFT PLANNING AT THE



UVA HEALTH SYSTEM

Making a Real Impact with Real Estate

In many regions of the country, owning real estate has been a wonderful investment over the years. Property values have doubled, tripled or more.

But if your vacation home, vacant lot, farm or office has lost its usefulness or has become expensive or cumbersome to maintain, your property might provide a great way to support the school, center, or program of your choice at the UVA Health System.

What Are My Options for Donating Real Estate?

Make an Outright Gift

If you give your real estate outright to the UVA Health System, you will be eligible for a charitable income tax deduction based on the full fair-market value of the real estate you give. You will avoid the capital gains tax you would have had to pay if you had sold the property, and you will have made a generous gift to the program you choose to support.

Fund a Charitable Remainder Trust

Real estate can be used to fund a special kind of trust called a “Flip” Charitable Remainder Unitrust (“Flip” CRUT). The trust will provide you with annual payments for the rest of your life or for a term of up to 20 years, and you will be eligible for an immediate income tax deduction. Until the trust sells the real estate, your annual payments will consist

EXAMPLE: AN OUTRIGHT GIFT

Sam wants to make a gift to support the UVA Health System. The undeveloped land he bought several years ago for \$10,000 was recently appraised for \$100,000.

If Sam sells the land, he will owe \$13,500 in capital gains tax and pay the expenses of sale, but if he gives the land to the Health System, he will not recognize any capital gain, will be eligible for an income tax deduction for the land’s full \$100,000 fair-market value, and will have removed the value of the property from his estate. Most importantly, Sam will have made a wonderful contribution to his designated UVA Health System program.

of the trust’s net income. Once the real estate is sold, however, you will begin receiving annual “unitrust” payments equal to a set percentage (5%–7%) of the total trust value each year.

At the end of the trust term, the remaining trust assets pass to the UVA Health System to be used for the purposes you designate. You will also have removed the assets from your estate, eliminating any estate tax that may otherwise be due.

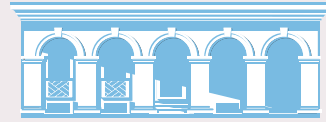
In some circumstances, real estate may be used to fund a charitable gift annuity at the UVA Health System.



EXAMPLE: A CHARITABLE REMAINDER TRUST

Joyce’s land recently appraised for \$500,000. Now 60 years old and ready to retire, Joyce wants to supplement her income. If she sells the property, she will have to pay \$73,500 in capital gains tax plus realtor fees and other expenses.

Instead, Joyce transfers her land to a 6% “Flip” CRUT, making her eligible to claim an immediate income tax charitable deduction of \$171,105 and entitling her to immediate net income distributions from the trust. When the land is sold, Joyce will begin receiving an annual 6% “unitrust” payment each year. At Joyce’s death, the remaining assets in the trust will be distributed to the UVA Health System for the purposes she designates.



***The University of Virginia
Cornerstone Society—
Letting Us Say Thank You***

The Cornerstone Society recognizes alumni and friends who have made planned gifts to the University through wills, living trusts, or retirement plans; life insurance; pooled income fund gifts, gift annuities and charitable remainder trusts or lead trusts.

The Cornerstone Society takes its name from the cornerstone of Pavilion VII laid in 1817 at a ceremony attended by James Madison, James Monroe and Thomas Jefferson. Just as the cornerstone of Pavilion VII provided the foundation for the University's first building, our Cornerstone Society members are laying the groundwork for the University's future.

Make a Gift Through Your Will or Living Trust

The UVA Health System has been the grateful recipient of real estate given through bequests in wills and living trusts. Your bequest will not be subject to estate taxes and could save your estate thousands of dollars in taxes. Your gift will be used to establish your legacy at the school or program you select.

Give the Remainder Interest in Your Home—And Retain the Right to Live There

If you want to receive a current income tax deduction for the gift of your home, but you would like to continue living there for the rest of your life, you could give the UVA Health System a "remainder interest" in your home and retain a "life estate" for yourself. You will be eligible for a current income tax deduction based on the value of the remainder interest you have given, and you will have the right to live in your home for the rest of your life.

Give a Fractional Interest

On a case-by-case basis, the UVA Health System may accept a gift of a fractional interest in real estate. You will be eligible for a charitable income tax deduction equal to the appraised value of the interest you transfer.

Whom Do I Contact?

For more information about donating real estate, please contact the Office of Gift Planning, P.O. Box 400807, Charlottesville, VA 22904-4807; send us an email at giftplanning@virginia.edu; or call (434) 924-7306 or (800) 688-9882. You can also find more information about other planned gifts on the Gift Planning Web site at www.virginia.edu/giftplanning.



The University of Virginia does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.