Real Estate Can Make a Wonderful Gift

When you have owned real estate a long time, there may come a time when you no longer want to maintain or manage the property. But often, you may be concerned that if you sell the real estate there will be a significant capital gains tax on the sale.

If you are interested in supporting Stanford Medicine, one option to consider is making a charitable gift of real estate, which can help to provide valuable income and estate tax deductions. Here are some examples of the ways a gift of real estate can be completed:

- **Make an outright gift** of your residence, rental, or commercial property, or undeveloped land to Stanford and receive an immediate charitable income tax deduction. You can complete this gift by executing and recording a deed, naming Stanford as the new owner.
- **Leave Stanford the property through your will or trust** and your estate will receive a charitable estate tax deduction for the full value of the gift. This type of gift would be used according to the purposes outlined in your will or trust.
- **Deed your home to Stanford now but continue to live there** during your lifetime through an arrangement called a retained life estate. You realize an immediate charitable income tax deduction for a portion of the home's value.
- **Transfer unoccupied property to a charitable remainder trust** that provides you an income stream for your lifetime. In addition to a charitable income tax deduction, you also avoid immediate recognition of long-term capital gains.

Gifts of real estate can be complex, depending on the property involved. We recommend you consult your professional advisors for assistance. It is also important to discuss your gift with Stanford. We are happy to discuss the options with you and/or your advisors, including how a potential gift of real estate can support medical research, education, and patient care. Please contact us at 650.723.6560 or pgmed@stanford.edu.

Making a Difference Through a Planned Gift

To speak directly with a member of our staff and learn more about various planned giving options, please contact:
Carol Kersten, Erin Phillips, or Blake Grossman, Medical Center Development
Office of Planned Giving • pgmed@stanford.edu • 650.723.6560

Campaign for Stanford Medicine
We are all part of the equation.

Office of Planned Giving
Stanford University
Frances C. Arrillaga Alumni Center
326 Galvez Street
Stanford, CA 94305

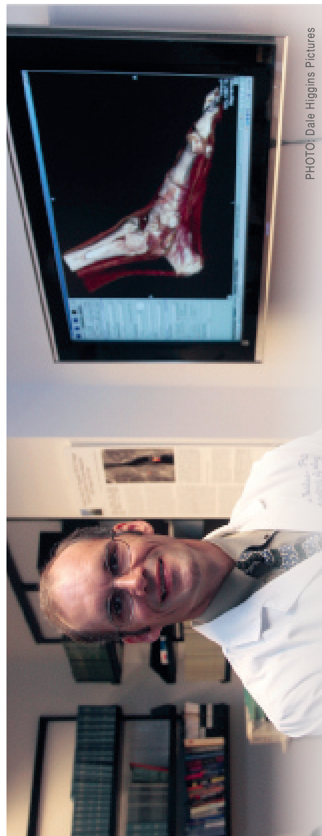

PHOTO: Dale Higgins Pictures

Discover a Variety of Ways to Show You Care

Anyone can leave a lasting legacy, and every effort to support future generations helps. This issue of *Planning for the Future* invites you to consider a variety of ways to support a medical purpose at Stanford that will allow you to make a difference. When you have looked through this issue, take these steps to learn more:

- **RETURN** the enclosed remit response card to receive sample language to include a gift to Stanford University School of Medicine or Stanford Health Care in your will or trust.
- **VISIT** pgmed.stanford.edu/news to learn about the charitable gift option that's right for you.
- **CONTACT** us at 650.723.6560 or pgmed@stanford.edu if you have any questions about supporting the future of Stanford.

Campaign for Stanford Medicine

We are all part of the equation.

A Planned Giving Publication • Spring 2016

Gift to Stanford Medicine Leads to Retirement Security for Couple

"There are a number of reasons I'm grateful to Stanford," says Steve Salveter. The first occurred in 1987 when Mr. Salveter was taking a stress test at his doctor's office. He felt a heaviness in his chest—he was having a heart attack. He credits Stanford doctors with saving his life via quadruple bypass surgery.

After Mr. Salveter and his wife, Betty, retired, he started exploring a planned giving vehicle that could provide them with immediate tax advantages in addition to a stream of income for the remainder of their lifetimes. This planned giving vehicle was called a charitable remainder unitrust (CRUT). What Mr. Salveter learned surprised him.

Continued inside

PHOTO: Courtesy of Steve and Betty Salveter

Steve and Betty Salveter made a gift to Stanford that provided them enough income to move into a retirement home near Rancho San Antonio Open Space Preserve.

INSIDE

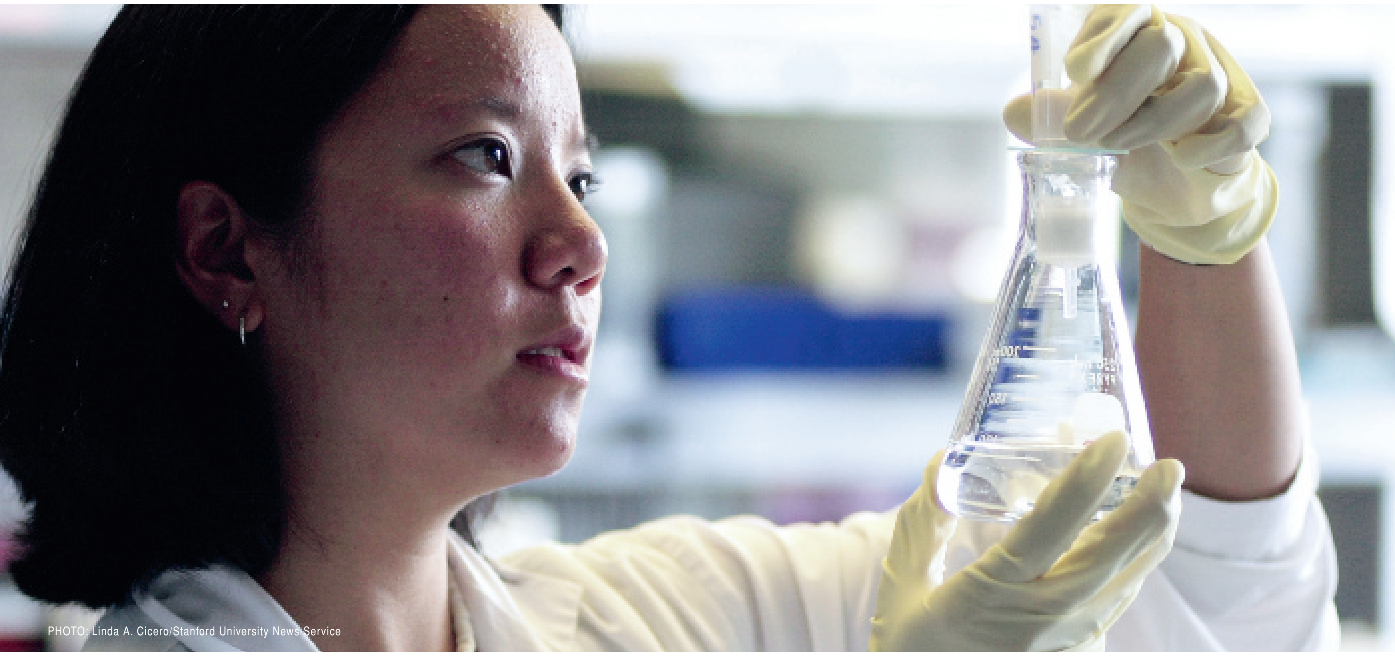

PHOTO: Linda A. Cicero/Stanford University News Service

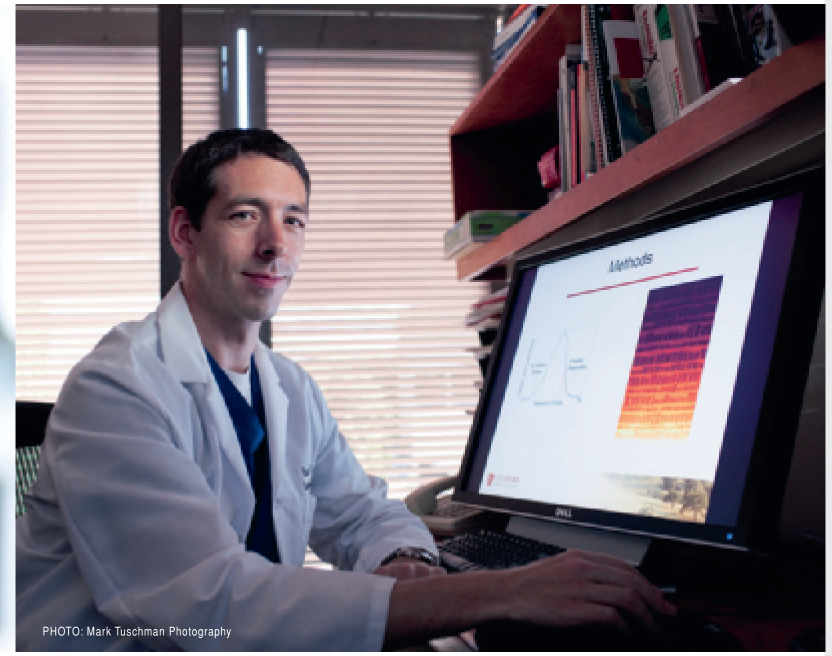

PHOTO: Mark Tuschman Photography

Gift to Stanford Medicine Leads to Retirement Security for Couple

Continued from front

Mr. Salveter is a thoughtful, logical man who is comfortable with financial analysis. "It defies logic that you can give away a third of a house and not lose money," he says.

At IBM for 30 years, Mr. Salveter started working in a Midwestern sales office and then moved out to the Bay Area as a computer programmer. Mrs. Salveter was a social worker who placed foster children and loved teaching children about natural history.

Mr. and Mrs. Salveter funded a CRUT with a portion of their long-held primary residence. Later, they sold their home as individual owners and as trustees of the CRUT. As a married couple selling their primary residence, the Salveters were able to exclude $500,000 of capital gains. This, combined with the tax exempt status of the CRUT, allowed them to avoid immediate recognition of any capital gains taxes on the sale of their home.

The proceeds from the portion that Mr. and Mrs. Salveter retained allowed the Salveters to move into a retirement home near their beloved Rancho San Antonio Open Space Preserve, and the income stream from the trust helps to pay the monthly fees. The Salveters were able to enjoy their retirement home together for quite a few years, but sadly, Betty passed away from Alzheimer's disease in 2013, just two months short of the couple's 50th anniversary.

While the Salveters did give up the right to the principal amount of the part of their residence that they transferred to the CRUT, they retained an income stream for life and received enough tax advantages to make this an attractive planned giving vehicle for the Salveters and Stanford.

"In addition to the capital gains tax benefit, we also got a huge charitable income tax deduction spread over five years following the year of the gift,

Make a Gift That Benefits You and Stanford Medicine

Like the Salveters, you can make a future gift to Stanford Medicine that provides you with benefits during your lifetime. Contact us at 650.723.6560 or pgmed@stanford.edu to learn more about your charitable giving options.

plus I continue to get an annual income stream," Mr. Salveter says.

Mr. and Mrs. Salveter named Stanford Health Care, previously known as Stanford Hospital & Clinics, as the remainder beneficiary of their CRUT. The future gift to the hospital is unrestricted so it will go where it is needed most. "Stanford Hospital knows better where they need the money than I do," he says.

"I loved the hospital, but I also liked Stanford's reputation for excellence in managing its investments," he adds. "The university's planned giving officers were extremely helpful, so it made the process easier and more pleasant. I couldn't afford *not* to create the trust."

Mr. Salveter continues to volunteer for Midpeninsula Regional Open Space District and hikes the hills surrounding his retirement home every day.

CASE STUDY Turn Your Home Into a Charitable Gift and Income for Life

Imagine a couple, the Johnsons, have lived in the same house for nearly 40 years. But now that they have retired, they plan to spend more time traveling and less time maintaining their home. Contemplating the sale of their home and the realization that their annual expenses may be changing, John, 72, and Joy, 70, reach out to their financial advisor.

A charitable solution: In meeting with their financial advisor to discuss their plans to sell their home, the Johnsons discover a far more appealing alternative. Their advisor suggests they consider donating their home to a charitable organization such as Stanford, by way of a unique plan that can provide the couple with lifetime benefits.

The giving plan: The Johnsons worked with Stanford's Office of Planned Giving to set up a special arrangement called a charitable remainder unitrust (CRUT). Once they move out of their mortgage-free home, they make a gift of their home to the CRUT. The trustee of the CRUT then sells the home and reinvests the proceeds to pay the Johnsons a variable income for the rest of their lives. The income amount is based on a percentage rate, typically between five to seven percent, of the trust's annual value. At the end of the Johnsons' lifetimes, all of the assets remaining in the CRUT will pass to Stanford to help support the purpose most important to the Johnsons.

Other considerations:

- The Johnsons understand that the market value of the CRUT will appreciate or decline based on the performance portfolio of the reinvested proceeds. They also understand that the portfolio is invested for the long term.
- Because the Johnsons are the sole recipients of the income from the CRUT, the value of the CRUT will not be includable in their taxable estate after their passing.

By the Numbers

Value of home: $800,000 (original cost: $200,000)

Annual trust payout: 5 percent of the fair market value of the trust as revalued yearly

Charitable deduction: $340,696*

Estimated Payments in First Full Year: $40,000 (future payments will vary with trust value)

*Based on quarterly payments and a 2.2 percent charitable midterm federal rate. Deductions vary based on unitrust payout rate.