

## A Life Estate Agreement

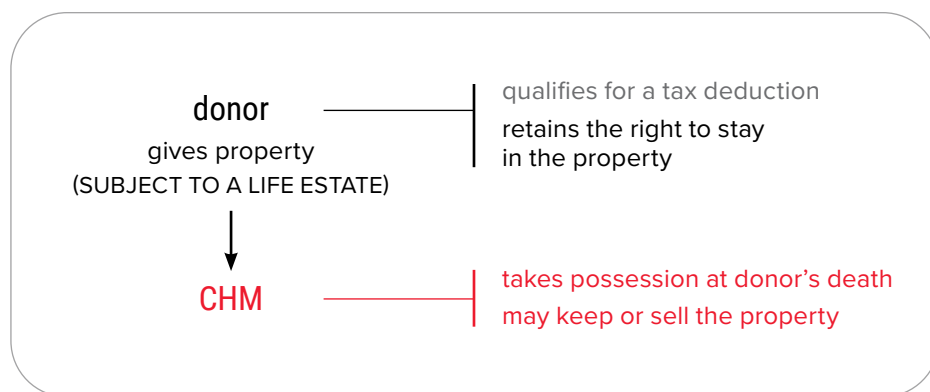
A life estate agreement is an irrevocable charitable gift of a personal residence or farm in which the donor typically retains full use of the property for life (or for a spouse’s life as well)—an opportunity to make a generous donation without any immediate impact on finances or lifestyle.

### Concept applied:

A donor can use a life estate agreement to make a gift of real property to charity after death but qualify for a current (often sizable) charitable income tax deduction, subject to limitations.

### How it works:

Josie Mitchell wants to make a significant charitable gift to honor her parents. She could really benefit from a current income tax deduction, but she hesitates to donate assets she might need during retirement. She decides to donate a remainder interest in her home, retaining a life estate that lets her continue living there for the rest of her life. Her tax deduction is based on the present value of the charity’s remainder interest.



### Why is it useful?

A life estate arrangement is a unique way to give a large asset (and qualify for an immediate income tax deduction) but retain full use of that asset. The life estate can be measured by a term of years or by the lives of one or more individuals (typically, the current residents of the property—the donor and perhaps the donor’s spouse).



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**FOR ADDITIONAL INFORMATION, PLEASE CONTACT**

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