

A Life Estate Agreement

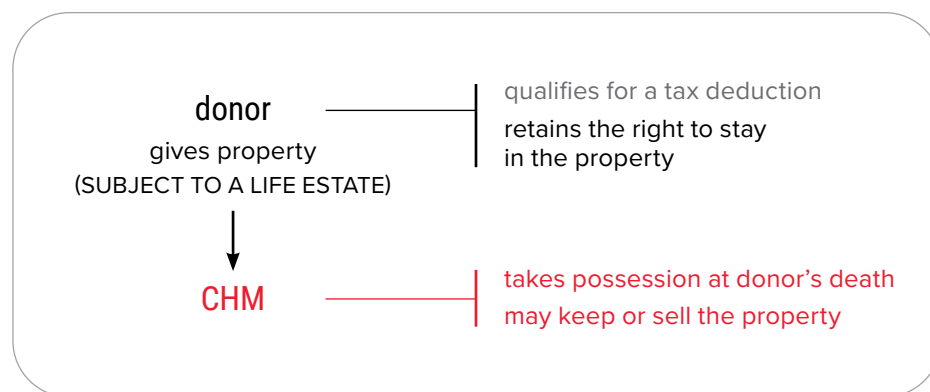
A life estate agreement is an irrevocable charitable gift of a personal residence or farm in which the donor typically retains full use of the property for life (or for a spouse's life as well)—an opportunity to make a generous donation without any immediate impact on finances or lifestyle.

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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