You can gift your **real estate** to Nantucket Cottage Hospital outright or gift it and still enjoy it will you are living.

By giving your real estate to Nantucket Cottage Hospital while you are living, you can experience the immense satisfaction of seeing your gift in action. If it is property we will sell, you can see the cash proceeds put to work as you desire. If it is property that we choose to retain for use in our mission, you have the joy of seeing it improve and enrich the lives of others every day.

Making this gift during your lifetime can provide peace of mind in several different ways. One is knowing that the gift is made and that nothing will intervene to delay the transfer down the road. In addition, you make life much easier for the executor of your estate as they will not have to worry about the property when you are gone. Otherwise the executor, who may be a friend or loved one, must step in and manage the property until it is deeded over to the hospital during what is most certainly a difficult time for them.

You can also make a gift of your residence to the hospital whether it be a house or a condominium but **reserve the right to live in the home for the rest of your life.** It can be either your primary residence or a vacation home. In this instance you can experience peace of mind knowing your gift will advance the mission of Nantucket Cottage Hospital without altering your lifestyle.

Nantucket Cottage Hospital Foundation
57 Prospect Street
Nantucket, MA 02554
(508) 825-8250 | nantuckethospital.org

NANTUCKET
COTTAGE HOSPITAL
MASSACHUSETTS GENERAL HOSPITAL AFFILIATE

Income Tax Savings

As long as you have owned the real estate more than one year and it has appreciated in value since you purchased it, you will receive an **income tax charitable deduction** for the fair market value of the property as determined by an independent qualified appraisal. You can save on both federal and state income taxes (depending on your state of residence) immediately, giving you more cash to spend today on the things you need or want to experience.

Another tax-wise aspect of a gift during life is that there you avoid the capital gain tax that might be due if you sold your home or other real estate. This means that not only are you saving on income taxes but you are doing so with a deduction partly based on income that was never taxed.

Income tax charitable deductions for gifts of appreciated real estate can be deducted up to 30 percent of your adjusted gross income, with any excess deduction used over the next five years (used up to a total of six years).

Example One:

Charles and Evelyn contribute commercial real estate valued at $2,500,000 for which they paid $700,000 in 1987. If they were to sell the property, they would potentially pay $360,000 of capital gain tax (assuming a federal capital gains tax rate of 20% of $1,800,000). By contributing the property to Nantucket Cottage Hospital, they both avoid tax on the capital gain and receive an income tax charitable deduction. In their 40% income tax bracket*, they save $1,000,000 in federal and state income taxes, with a total tax savings of $1,360,000. Compared to selling the property, the net tax cost of a $2,500,000 gift is only $1,140,000.

Even if Charles and Evelyn intended to give the property to the hospital through their will and not sell it, they would be entitled to an estate tax deduction for the then current value of the property.

**an assumed effective federal and state income tax rate*

Example Two:

Ruth, age 75, whose husband died several years ago, lives alone in a home valued at $1,000,000. She deeds the home to our organization, reserving the right to live in it for the rest of her life. She continues to live in the home, paying her insurance, taxes, utilities and minor repairs, as always. By making her gift now rather than making it through her will, Ruth receives an income tax charitable deduction to begin saving on her taxes immediately. Assuming a charitable deduction of approximately $716,000, Ruth will save $179,000 in income taxes (assuming a 25% effective tax bracket and an adjusted gross income sufficient to utilize the entire deduction), and she has removed a substantial asset from her potentially taxable estate.

**Ruth's deduction will vary depending on the timing of her gift*

For more information about charitable trusts:

Terri Burlingham, NCH Foundation
(508) 825-8250 | tburlingham@partners.org

Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.

**The actual amount of the charitable deduction will depend on the value of the asset contributed, the ages of the beneficiaries, the trust payout rate, the timing of the trust payments, and the IRS discount rate in effect at the time.*