



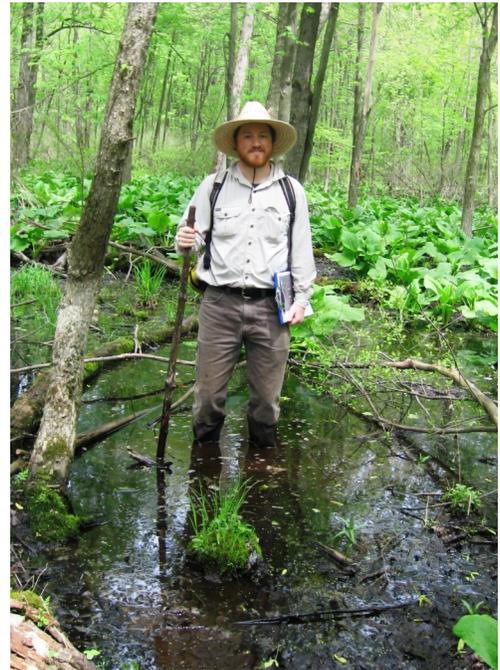
Western Reserve Land Conservancy

land • people • community

GIFTS OF LAND

Donating Land to Western Reserve Land Conservancy

The Land Conservancy can benefit from land donations in multiple ways. For example, if your land contains significant conservation value, such as mature forested habitat, high quality wetland resources or prime agricultural soils, your donation will begin a process by which the land may be forever conserved to protect those values. If, however, your land lacks high quality conservation values, your donation could still benefit the Land Conservancy because the land can be sold by the Land Conservancy at its fair market value, thereby generating revenue that can be used to advance the Land Conservancy's mission. Generally, a donation of land can take three forms: lifetime outright donation of the land; donation upon death through your will or trust; and a retained life estate. In a lifetime outright donation you work with the Land Conservancy to make a gift of the land by relinquishing all rights of ownership and possession completely as of the date of the donation. If you'd prefer, instead of making a complete gift of your land during your lifetime, you can hold off and enjoy the full ownership and benefit of your land and instead arrange for the gift to be made after your death through a bequest through your will or trust. Finally, you can gift the land using a retained life estate, which is essentially a combination of the first two forms. In a retained life estate you donate the land during your lifetime but you retain the right to live on or use the land until your death. Whichever form of donation you choose, donating your land to the Land Conservancy is an excellent opportunity to make a meaningful charitable gift and create a lasting legacy, and it may provide you with significant tax savings, if done properly. If you are considering donating your land, a member of the Land Conservancy's staff will meet with you and your advisors to better understand your goals and interests regarding the future of your land.



Outright Donation During Lifetime

An outright donation of your land during your lifetime provides an immediate benefit to the Land Conservancy and at the same time may provide you with a useful tax benefit. Specifically, if you have owned your land for more than one year, you may be able to claim a federal charitable income tax deduction for the fair market value of the donated land. Generally, such a donation will enable the donor to deduct up to 30% of their Adjusted Gross Income (AGI) in the year of the gift and for up to five additional years or until the entire value of the donation is realized. In addition to potentially qualifying for a federal charitable income tax deduction, you may also be able to avoid realizing capital gains on the land by donating it to the Land Conservancy. Finally, since the land is donated during your lifetime it will not be included in the valuation of your estate at death and, therefore, could reduce any possible estate tax liabilities. Prior to making your outright lifetime gift, we recommend that you work with your tax and/or legal advisors to ensure that you take the appropriate steps in order to realize the greatest tax and financial benefits from your donation.

How it Works—Outright Donation

As a first step, you will enter into a Property Donation Agreement with the Land Conservancy. This agreement will lay out important information about your gift, including an exact description of the land you are donating, and when the donation is intended to be completed. Because the transfer of land usually involves certain unavoidable costs and expenses, the donor is asked to pay those costs and expenses directly or to make a monetary contribution to the Land Conservancy sufficient to cover those costs. As such, the Property Donation Agreement also outlines the costs, which may include property taxes through the end of the year the gift is made, the cost for a title examination and title policy, and the escrow fees. In the event your land contains resources with high conservation value and you request that the Land Conservancy retain and manage the land long-term, you will be required to make a monetary contribution sufficient to endow the ownership and management of the land.

Next, prior to accepting the donation of your land, the Land Conservancy will evaluate the condition of the property by ensuring that there are no mortgages and/or liens on title and no physical or environmental conditions that would prevent acceptance of the donation. Assuming the land meets the Land Conservancy's conditions to acceptance, we will arrange for completion of the gift pursuant to the Property Donation Agreement.

If you intend to take a charitable tax deduction for the donation of your land, you will need to obtain an appraisal from a qualified appraiser substantiating your gift to the IRS. A copy of the completed appraisal must be provided to the Land Conservancy along with any documents the Land Conservancy is requested to sign acknowledging the gift.

Donating Your Property Through a Will or Trust

Rather than making a lifetime gift of your land, you may choose to donate your property after your death through a bequest in your will or trust. A charitable bequest allows for maximum flexibility during your lifetime, with the opportunity to make a meaningful gift to the Land Conservancy upon your death. In this case you continue to own and enjoy your property during your lifetime, while providing future support to the Land Conservancy's mission. If you are interested in making an estate gift of your land, Land Conservancy staff can work with you and your advisors to help craft language to be placed in your estate documents in order to help ensure that your intent is appropriately documented. Sharing your bequest intention affords the Land Conservancy the opportunity to celebrate you and your gift during your lifetime in a meaningful way. While a bequest of your property would not provide you with any lifetime income tax benefits, the value of your donated property would be removed from your gross estate and all capital gain taxes would be avoided.

Donating Your Property and Retaining a Life Estate

A retained life estate is an opportunity to continue living in or using your home, vacation home, or farm while making an immediate gift of the land to the Land Conservancy. Under this gift scenario you make an irrevocable gift of your land to the Land Conservancy now, while retaining the right to the continued use and enjoyment of the property during your lifetime. In addition to being able to use and enjoy the land, you may also be able to enjoy some significant income tax benefits associated with such gifts.

How it Works—Retained Life Estate

As with an outright donation of your land, you will enter into a Property Donation Agreement with the Land Conservancy as a first step. In addition to the transfer costs and expenses typically involved in land transfers, the Property Donation Agreement for your retained life estate will outline additional costs that you will be responsible for paying during your lifetime, including all property taxes. While you continue to use and enjoy your property during the term of your life estate, you will also be required to keep the property insured and generally maintain the land and any buildings in good condition. At the end of the retained life estate term, possession of the property transfers automatically to the Land Conservancy.

A retained life estate allows you to retain maximum use and enjoyment of your property throughout your lifetime, much like a bequest through your will or trust. However, unlike a bequest, a potential charitable income tax deduction is available in the year you establish the retained life estate arrangement with the Land Conservancy.

NOTE: Any information contained herein relating to tax treatment or other transactional details is strictly informational and is not written or intended to be relied upon, and cannot be relied upon, by any party as legal or tax advice. It is essential that landowners consult with their own legal and financial advisors to determine the impact on their individual situation.