

## LIVING IN YOUR GIFT

Let's imagine this conversation between Julia, a faithful contributor to a certain charity, and Alison, the charity's development officer.

**Julia:** I have been thinking of leaving my home to your organization through my will, and I am wondering if you accept such property.

**Alison:** Yes, we would be grateful for such a gift. Do you plan to continue living here, or might you eventually want to move to a retirement community?

**Julia:** I've been in this house 35 years, and I love living here.

**Alison:** Then you might want to consider an arrangement where you transfer title to our organization now, but retain the right to live in your home for the balance of your life. You would receive a large donation receipt resulting in a significant tax credit that would reduce your income without affecting your lifestyle.

**Julia:** Would I still pay property taxes and homeowner's insurance?

**Alison:** Yes, as the life tenant you would pay these items and general maintenance as you have been doing all along.

**Julia:** Although I hope to stay here for as long as I live, I know that I might reach the point when I can't care for myself and have to move to a place that offers assisted living. What happens then?

**Alison:** There would be several choices. If you do not need income, you could give your occupancy right and receive an additional donation receipt. Then we would sell the property and create an endowed fund in your name while you are living.

However, there are also three other possibilities whereby you would receive money: The property could be rented, and you would be entitled to the rents. You and our organization could agree to sell the property and the proceeds would be divided according to our respective interests at the time. Finally, you could give your occupancy rights to us in trust in exchange for a life income.

The arrangement Alison proposes is called a “gift of a residual interest,” and it is possible at our organization. It is a wonderful way to reduce current taxes, assure a future gift, and preserve options for the future.