



Give Your Home and Continue to Live There: Retained Life Estate

Your home is one of your most valuable assets. With a retained life estate, you can give your home to us now, but continue to live in it for as long as you wish.

Make a greater gift than you might have thought possible and receive immediate tax benefits without changing your living situation.

A retained life estate may be right for you if:

- You do not plan to leave your home to family or other heirs.
- You itemize your income tax deductions and want to save on income taxes now.
- You want to continue to live in your home.

A retained life estate is a gift arrangement between you and Bentley. You deed your home to the university in exchange for an agreement that gives you the right to live in your home for as long as you choose, even for the rest of your life.

When your retained life estate arrangement ends, your home would become our property to use or sell. Typically, we would sell your home and use the proceeds for a gift purpose that we would have agreed upon with you at the time the retained life estate was established.

Give your home, or vacation property

Most donors who create retained life estate arrangements gift their primary home. It is also possible to create a retained life estate with a second home, say a vacation property.

Your responsibilities

If you enter into a retained life estate agreement, you would be responsible for all regular expenses on your property while you live in it, such as routine maintenance and improvements, property taxes, utility bills, and insurance.

Tax benefits

You will receive an income tax charitable deduction in the year of your gift. The amount of the deduction will depend on the value of your home and land, as well as how long your plan will last. If you itemize instead of taking the standard deduction you could save significant income taxes. If you cannot use your entire deduction in the year of your gift, you may carry forward all unused deduction for up to five additional years if you are eligible to itemize in each of those years.

By removing your home from your estate, you may also reduce estate taxes and probate costs when your estate is settled if your estate exceeds the then applicable estate tax exemption.

How long can my plan last?

You would most likely want to retain the right to live in your home for the rest of your life, or for the lives of you and your spouse. Other possible lengths of time include more than two lives, a specific number of years, or a combination of lives and years.

Ending your plan early

If you decide you no longer want to live in your home for any reason, say if you want to move to a different community or move closer to your children, you can end your retained life estate early either by giving your remaining interest to Bentley or by selling your property in cooperation with us.

Special considerations

Each real estate gift presents a variety of issues to be considered before a decision whether to accept is made. As a starting point, Bentley first conducts a Preliminary Assessment to determine if the proposed property is something we wish to further review. If so, consideration of accepting the property moves to the due diligence process. Key steps in the due diligence process include, but are not limited to: inspecting the site and reviewing all pertinent documents; requesting a market appraisal to establish that the property can be sold within a reasonable time and for a price expected by the donor and Bentley; and learning about property taxes and carrying costs.

Should Bentley be willing to accept a donation of real estate, the donor must cover the costs of their own qualified appraisal (this is different from the market appraisal referred to above) for tax purposes as well as bear the expense of carrying costs. Bentley is generally interested in properties that will have a free and clear net value to the University of at least \$100,000.

Once Bentley has agreed to accept the property, the donor or a Bentley representative will arrange for the deed and title work, ensuring that it is performed by those most familiar with the local laws and real estate customs. Bentley will assist by providing draft language for the agreements between the university and the donor. The donor is responsible for substantiating the charitable deduction for the IRS.

Irrevocable gift

A retained life estate is an irrevocable arrangement. Once you deed your home to Bentley, you cannot change your mind and get your ownership back. This requirement assures that the value of your home will go to support Bentley.

Example

Henry and Joan, ages 78 and 77, still live in the house in which they raised their three children. Henry and Joan are in good health and have no plans to move. Their house has appreciated greatly over the years and is now worth about \$600,000. Their children are grown with homes of their own and have no interest in keeping the house in the family.

Henry and Joan would like to make a large gift to Bentley, but they don't feel comfortable giving a significant portion of their investment assets away. They are excited to learn that they can give their house instead while continuing to live in it for as long as they wish. Their lifestyle won't change at all as a result of their arrangement. They also are attracted by the income tax charitable deduction of about \$361,429* that they can use immediately to reduce their income taxes if they itemize their income tax deductions.

Benefits

- Henry and Joan can continue to live in their home for the rest of their lives.
- They receive an immediate income tax charitable deduction of about \$361,429*.
- They may deduct up to 30% of their adjusted gross income in the year of the gift. If they cannot use their entire deduction in the year of their gift, they may carry forward the balance for up to five additional years.
- Their home is no longer in their estate, potentially saving estate taxes.
- After the passing of the survivor, they will provide major support to Bentley, currently worth \$600,000.

*Henry and Joan's income tax charitable deduction may vary depending on the timing of their gift. Their ability to benefit from an income tax charitable deduction will depend on whether they itemize their income tax charitable deductions.

NEXT STEPS:

To receive further information about retained life estates, or to learn more about how your gift can help Bentley, please contact Liz Siladi, Director of Gift Planning and Senior Philanthropic Advisor, or Kris Otto, Associate Director of Gift Planning.

- **call Liz at 781-891-2475 or Kris at 781-891-2586**
- **email Liz at esiladi@bentley.edu or Kris at kotto@bentley.edu**

* We are pleased to provide this information to you; however, it should not be considered professional advice. We encourage you to contact your own legal and/or tax advisor(s) for applicability to your personal circumstances.



By supporting Bentley, you are helping to prepare today's students to become tomorrow's globally focused, ethical business leaders.