DONOR STORY

As couples reach retirement age, those that have built their lives around the family farm in America are facing a new dilemma.

The farm represents their most significant asset, their residence is on the land, and leasing the farm will only produce 2% to 3% of its present value.

Retirement, residence, and residual estate value sum up the critical priorities for Bill and Mary. The farm does not produce a sufficient income stream for the couple's retirement objectives, yet an outright sale of the asset will have tax consequences resulting in a drastically reduced inheritance for the children. In addition, Bill and Mary do not want to move from the residence that is located on the farm property. Thankfully, there is a plan that meets their objectives.

## How Can We Help You?

I want to know more ways to increase my giving and save money for my family and myself.

- ☐ Please contact me with more information about planned giving options.
- ☐ I have already included a United Methodist cause in my will.
- ☐ I already make annual gifts and would like to learn how my giving can go further.

The best way to contact me is by.

☐E-mail ☐Mail ☐Telephone

Name ______________________

Street ______________________

City ______________________

State/Zip ______________________

Phone ______________________

E-mail ______________________

*(All inquiries are treated with complete confidentiality.)*

This information is not intended as tax, legal, or financial advice. Gift results may vary. Consult your personal financial advisor for information specific to your situation.

GEORGIA UNITED METHODIST FOUNDATION

Georgia United Methodist Foundation
15 Technology Parkway South, Suite 125
Peachtree Corners, GA 30092-8203
770-449-6726 or 877-220-5664
Visit www.gumf.org or Email info@gumf.org



# Sell the Farm

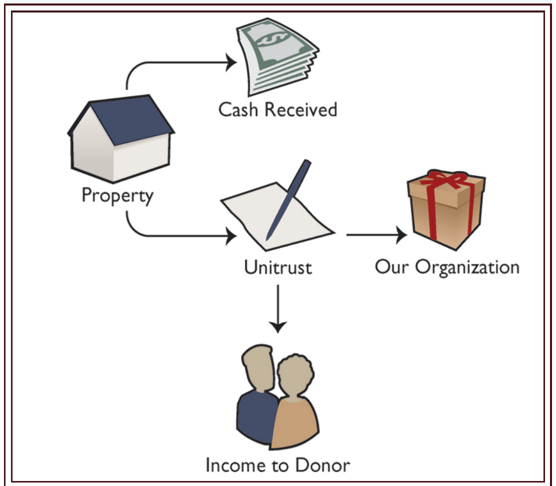
## Without Losing The Residence

## Sell the Land-Pay Zero Tax

Let's assume Bill and Mary own farmland valued at $600,000. In our example, half of the land is transferred into a charitable remainder unitrust (CRT) and sold by the trust. There is no capital gains tax, and the couple receives a significant charitable income tax deduction.

The remainder of the land is sold for the fair market value of $300,000. Thanks to the tax savings generated by the trust, the net result is that the couple owes no tax.

For the remainder of their lives, the trust will pay them $18,000 a year, an increase over what the land had been generating. Upon their deaths, the value remaining in the CRT results in a gift to charity of more than $380,000.




## The Right to Live in the Residence

Assuming that the fair market value of the homestead is $150,000. First, they retain their homestead. Next, they deed the homestead to charity while retaining the right to use the homestead for life. The couple will benefit from an immediate charitable income tax deduction of approximately $37,000.

Of course, most farms consist of more than the land. In our example, there is another $200,000 of value in livestock, crops and machinery.

## Springboard to the Golden Years

The sale of the livestock, crops and machinery would produce a substantial capital gains tax! If, however, they were to transfer these assets into a unitrust, there would be no tax on the sale, thereby leaving the full $200,000 to be invested.

This trust will generate an additional $12,000 of income for Bill and Mary in the first year of their retirement. Upon their passing, the remaining value in this trust will pass to charity.

The names and images shown here are representative of typical donors and may or may not be actual donors to the organization. Under federal rules your benefits may be different from this example. Please contact us for your specific benefits.

## Several options make it possible to sell the farm, increase income for retirement years and avoid moving from the family home.

Selling the farm after a life-long commitment to farming can mark the beginning of a new and exciting era. Thanks to a number of planning options, your farm can be used to provide for you and your family in your retirement years.

Contact us for a personalized calculation of benefits.