

Gifts of property provide important support to Bowdoin, whether they are retained and used to further the College's educational mission or sold in order to fund the endowment, scholarships or other projects. For many people, donating property offers the opportunity to make a significant impact at the College that complements other financial and estate planning goals.

## **What Types of Property Make Good Gifts?**

There are a variety of types of property that can be an appropriate gift including:

- Art
- Collectibles such as rare books or antiques
- Real estate
- Life insurance policies
- Rule 144 Securities
- Business interests or inventory
- Copyright, patent and royalty rights

Ideally, any property gift should be worth the same or more than your cost basis. If your property has gone down in value, be sure to talk with the College and your financial advisor about the best way to structure your gift in order to maximize your tax deduction.

## **How Do I Make a Gift of Property?**

Every gift of property is unique and requires closer coordination with the College than other types of gifts. A gift may require approval from the College's Gift Acceptance Committee before it can be made. If you haven't already spoken with someone at the College, please call Bowdoin's Office of Gift Planning to talk over your interest in making such a gift.

Property gifts may be made during your lifetime or via an estate plan. Gifts may be retained by the College (such as a gift of art to the Museum) or sold in order to support Bowdoin's mission. Certain types of property present the opportunity for different types of planned gift structures such as a bargain sale or a life income gift.

It is important to work with the College to document how your gift will be used, even if it won't come to Bowdoin until sometime in the future. Along with your own advisors, we can also help you figure out the most tax-savvy way to make your gift.

## **Taking a Personal Income Tax Deduction**

To claim a federal tax deduction for noncash charitable gifts totaling \$500 or more (including gifts of stock and mutual funds), you need to submit IRS Form 8283 with your return.

For any single noncash gift valued at more than \$500, you will need to establish your cost basis and report when and how you acquired the property.

If you make one or more gifts of similar items (e.g. works of art) with a total value greater than \$5,000 in a single year, you will need to have these gifts assessed by a qualified appraiser. Both the appraiser and the charitable organization(s) receiving your gift(s) must sign your Form 8283.

The amount you can deduct depends on two questions: 1) Will the College keep your gift and use it to further our educational mission? and 2) If you sold the property yourself, would you report the income as capital gain (not ordinary income)?

If your answer is yes to both questions, you can deduct the fair market value of your property as of the gift date. If the answer to either question is no, you may only deduct your cost basis.

## Completing Form 8283

Printable copies of Form 8283 and its instructions can be found on the IRS website at [www.IRS.gov](http://www.IRS.gov). Publication 526 on Charitable Contributions is also helpful.

### **For gifts of property worth \$500 - \$5,000 and gifts of publicly traded stock and mutual funds:**

If you give an item (or groups of similar items) for which you are claiming a total tax deduction of \$5,000 or less, you should complete Section A, Part I and submit it with your tax return. You do not need to obtain a qualified appraisal nor do you need a signature from the College acknowledging your gift. Also report any gifts of publicly-traded stock and mutual funds in Section A, regardless of the value of your gift.

### **For gifts of property worth more than \$5,000:**

If you are claiming a tax deduction of more than \$5,000 for gifts of property (either one item or a group of similar items) to one or more charities, you will need to complete Section B.

You must obtain a qualified appraisal of the items you donate, ideally before transferring the property to the College. The appraisal must be completed no sooner than 60 days before the date of the gift and no later than your tax filing deadline for the year in which the gift is made. The appraiser must sign Section B, Part III and complete an appraisal summary that should be attached to Form 8283. Upon completion by the appraiser, the Form 8283 should be sent to the College. We will fill out Part IV of the form and return it to you.

## Contact Us

We're here to help you figure out the charitable strategy that works best for you. If you have questions about making a gift of property or the IRS requirements for claiming a tax deduction for a non-cash charitable gift, please get in touch with us.

### **Nancy Osher Blumberg**

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### **Send Form 8283s requiring an authorized signature from the College to:**

Controller's Office  
Att: Matt Orlando  
5400 College Station  
Brunswick, ME 04011

## Special Rules for Artists, Inventors and Business Owners

The IRS limits tax deductions when you donate property that you have created yourself, including works of art and intellectual property. Your deduction is limited to the cost of materials used in creating the gift. In many cases, it may be better to sell the property and make a cash gift from the proceeds.

Deductions for gifts of inventory (property that you sell in the course of your business) are limited to the lesser of the fair market value as of the date of your gift or your cost basis in the property.

*The information contained in this guide does not constitute legal or financial advice. State tax rules may be different from federal rules. Please be sure to consult with your own tax, financial and legal advisors about your own situation.*