

When gifting securities, which securities to give determines how to value, ease of transfer, and how much to deduct.

- What is it? Publicly held vs closely held
 - For valuation and ease of transfer
- How did you get it? Gift vs inheritance vs purchase
 - For basis: carry over vs stepped up vs date of purchase
- When did you get it? Short-term vs long term
 - For deduction: basis vs FMV

~Slide 34 - Real Estate~

Real estate makes a fabulous gift to the right charity. The advantages include tax deduction and avoidance of capital gains. The nonprofit should require an appraisal and usually the donor is responsible for the cost. The property should be free and clear of liens. Title is transferred by deed.

We will address split interest gifts later, but while we're talking about real estate, we'll look at life estates. A less common gift of real estate is the retained life estate. The property is given to the charity but carved out is a life estate for the benefit of the donor and/or someone else. The beneficiary of the life estate has responsibility for maintenance, including insurance and taxes. For the charity, periodically checking in as to the life status of the resident is necessary. If it is the donor, of course, there should be ongoing stewardship.

~Slide 35 - Oil and Gas~

It's Oklahoma, so oil and gas is not an uncommon gift to charities. Working interests bring risks and expense that make them much less desirable to give. But royalty interest and mineral ownership can be quite lucrative for nonprofits if they hold the interests. Most nonprofits should hire outside mineral management if they hold onto the interests. Unlike other non-cash gifts, minerals are commonly kept intact in order to reap the benefits in the years to come.

Questions to ask, and information to gather from, clients when considering gifting minerals include:

1. What is the ownership interest?
 - a. Prior or existing leases
 - b. Prior division orders
 - c. Prior transfer orders
 - d. Check stubs from royalty payments
2. How was the Interest acquired?
3. Is the interest under lease?
4. What do you want to gift?

In asking about ownership, remember, if the client owns both the surface and the minerals, she can give an undivided interest (ie the charity gets 20%). But, she cannot, with a lifetime gift,