CREATE A LASTING LEGACY

opportunities for your farmland gift
A charitable gift of farmland plays a critical role in planning your family’s financial future and opens doors to new opportunities. Whether you intend for the University of Illinois Foundation to maintain the farm or reinvest the proceeds from its sale, you can help advance transformational education, research, and outreach for decades to come. A farmland gift can also create a lasting legacy for your family or honor selected family members.

Your generosity creates unbounded opportunities for University of Illinois students, faculty, and citizens throughout our state.

“The wealth of Illinois is in her soil and her strength lies in its intelligent development.”

Andrew Sloan Draper
President, University of Illinois, 1894–1904

CONTINUE THE TRADITION OF EXCELLENCE
YOUR FARM IS A SOURCE OF CONTINUED RETURNS.

Your farm may have been in your family for generations, with a special place in your heart for the memories it holds and values it represents. Yet, when you think about the farm’s future, you may find yourself in one or more of these positions:

- Your family isn’t interested in operating the farm.
- You’d like to provide lifetime income for yourself and another family member.
- You need consistent income your farm may not deliver.
- Managing the farm—now or in the future—is more responsibility than you care to accept.
- You want peace of mind about how the farm will be managed in the future.
- You may need to consider potential income or estate tax savings that could come from a properly structured charitable gift of farmland.
A well-planned charitable gift of your farm to the University of Illinois Foundation can be flexible and can help you determine the farm’s future.

**Your gift directly supports the program you designate.** The University of Illinois Foundation will work with you to structure a gift of farmland that aligns with your personal goals and objectives. We are committed to providing wise stewardship of your gift and respecting your designated wishes.

Charitable gifts of farmland can provide significant income tax benefits and may solve income and management challenges. At the same time, they can support the important teaching, research, and outreach efforts of the University.
YOU CAN TRANSFER YOUR FARM TO THE FOUNDATION IN A NUMBER OF WAYS.

These methods offer great planning flexibility, especially when a trust is involved.

Outright Gift

This is often the best method for donors with substantial assets in addition to farmland property.

If you’ve owned the land longer than one year, an outright gift receives favorable tax treatment, including these benefits:

- An income tax charitable deduction for 100% of the fair market value of your farm at the time of transfer.
- No capital gains taxation on past appreciation in value.
- Reduction of your taxable estate by the value of your gift.

Gift by Will or Trust

Leaving your family farm to the University of Illinois Foundation through your will or trust may be the most appropriate method for you.

The use of the farm income after death is designated in a fund agreement executed by you with the University of Illinois Foundation. This method offers you flexibility during your lifetime and the potential benefit of a charitable estate tax deduction.
Outright Gift into a Charitable Remainder Trust

You may wish to donate your farmland but want to retain income during your lifetime.

As you know, farm incomes vary from year to year. The return may represent a low percentage of the land's value, yet selling your farm may not be an attractive option because the capital gains tax can significantly reduce the proceeds of the sale. You can overcome this problem by using your farm to establish a charitable remainder trust that pays an income to you, your spouse, or another beneficiary. Among the advantages:

- You can stabilize your annual income, with your trust having a minimum payout of at least 5% of the trust’s market value.
- The University of Illinois Foundation can serve as your trustee and as the primary remainder beneficiary.
- You can receive a charitable income tax deduction which may significantly reduce federal and state income taxes.
- The farm is removed from your gross estate.

“Bargain Sale” Gift

If the value of your farm exceeds the amount you wish to give, a “bargain sale” gift can be an appropriate choice, especially if it’s not practical for you to subdivide the farm.

This method provides income tax savings from the charitable deduction and reduces your taxable estate.

Gift with a Retained Life Estate

Federal tax laws permit donating your farm while retaining full use and responsibility of the farm during your lifetime and that of your spouse or another beneficiary.

You receive an income tax deduction at the time of your irrevocable gift. Removing property from your estate may also reduce final settlement costs and estate taxes.

Gift by Will or Trust Into a Charitable Remainder Trust

You can create a charitable remainder trust through your will or trust allowing the following benefits:

- Maintain management control of your farm during your lifetime.
- Relieve your surviving spouse, children, or other beneficiaries of the management responsibilities of owning land.
- Provide a more diversified and stable source of income for your surviving beneficiaries.
- Possibly reduce your estate taxes.

Charitable Lead Trust

A charitable lead trust provides a source of payments to the University of Illinois Foundation to support programs you designate.

- Payments can be set up for a period of years or designated for a lifetime.
- Upon termination of the charitable payments, the remainder interest may revert to you as the donor or to your designated heirs.
YOUR FARM IS A GIFT FOR GENERATIONS.

The information in this booklet is not intended to take the place of counsel from your own tax and estate planning advisor, with whom any significant gift should be discussed.

Please contact the Office of Gift Planning to discuss a potential gift of farmland.