

Create a Lasting Legacy with a Gift of Farmland

Giving of our assets is a way that we can say thank you to God for God's blessings in our lives. We do that continually through our offerings and outright gifts, but for many of us, the most significant gift we can make is through our estate plans.

A charitable gift of farmland plays a critical role in planning for your family's financial future and opens doors to new opportunities. A well-planned charitable gift not only can help you and your family, but also leave a legacy for others.

Ways to make a gift of farmland

Outright Gift

This choice is often the best method for donors with substantial assets in addition to farmland property. If you have 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 of value.
- Reduction of your taxable estate by the value of your gift.

Gift by Will or Trust

Leaving your family farm to Luther Seminary 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 Luther Seminary. 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

With this option you can donate your farmland, but you may 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 (CRT) that pays an income to you, your spouse, or another beneficiary, with the remainder of the trust going to the Seminary.



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Some of the advantages of this option include:

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

Gift of 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 a spouse or another beneficiary. You will 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.

Charitable Lead Trust (CLT)

A charitable lead trust provides a source of payments to Luther Seminary to support the programs you designate.

- Payments can be set up for a designated amount of time from years to a lifetime.
- Upon termination of the charitable payments, the remainder interest may revert to you as the donor or to your designated heirs.

These are just a few ways you can create a legacy from a gift of farmland. For more options or to discuss any of the options above, please contact Tim Larson at 651-641-3503 or at tlarson001@luthersem.edu. Visit our gift planning website at legacy.luthersem.edu.



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