

Integrating Real Estate into Charitable Planning: A Tax-Smart Opportunity

Did you know that using valuable assets like real estate to give through a **Donor-Advised Fund (DAF)** is a thoughtful and generous way to give back while potentially saving on taxes? Donating a portion of these assets before selling them means avoiding paying capital gains taxes, getting a tax deduction for the full value of the donation, and making a more significant impact with your gift. This approach helps you support the causes you care about while making the most of your financial resources.

How it's done

Because the donor-advised fund (DAF) receives the property directly, the business owner avoids the capital gains taxes that would have applied had they sold it themselves. This strategy also results in a larger charitable gift—by donating the asset directly, rather than selling it and donating the after-tax proceeds, the business owner eliminates capital gains tax exposure and can still claim a full fair market value tax deduction. It's important to understand that donors have the flexibility to contribute either a partial interest or the full value of a real estate asset, depending on their charitable and financial goals. The illustration below implies that the donor will donate the full value of the real estate assets.

Example

Aspect	Pre-Sale Gift to DAF	Post-Sale Gift to DAF
Property Value	\$1,000,000	\$1,000,000
Cost Basis	\$200,000	\$200,000
Portion Donated	30% (as property)	\$300,000 (as cash after sale)
Capital Gains Tax Avoided	On \$240,000 gain = \$48,000	\$0
Capital Gains Tax Paid	On \$560,000 gain = \$112,000	On \$800,000 gain = \$160,000
Charitable Deduction	\$300,000 (fair market value)	\$300,000 (cash gift)
Amount to DAF	\$300,000 (direct from sale)	\$300,000 (cash from client post-sale)
Net Tax Efficiency	Higher – avoids tax on donated portion	Lower – pays tax on full gain
Overall Benefit	Maximizes tax savings and charitable impact	Reduces charitable impact due to higher tax exposure

Benefits

Avoid Capital Gains Taxes: Donate assets directly to sidestep capital gains taxes on the appreciation of the property when it's sold

Charitable Deduction: Deduct the fair market value of the real estate assets to reduce taxable income in the year of the donation

Greater Impact: Maximize your gift's value by giving pre-tax assets directly to charity

Tax-Efficient Planning: Ideal for highly appreciated real estate assets that could incur large capital gains

Use of DAFs: Simplify giving and retain flexibility to support charities over time



If you plan on selling your property and want to reduce your tax liability, work with your financial advisor to learn if contributing to the AssetMark Charitable Donor-Advised Fund would benefit you and your registered charity of choice.

AssetMark, Inc.

1655 Grant Street
10th Floor
Concord, CA 94520-2445
800-664-5345

Important Information

AssetMark, Inc. is an investment management and consulting firm that helps independent financial advisors build great businesses. This is for informational purposes only and is not a solicitation for investment. Individual investors should consult with their financial advisor to determine if the services available through the AssetMark platform are appropriate.

Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results.

AssetMark, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission.

©2025 AssetMark, Inc. All rights reserved.

7967150.1 | 05/2025 | EXP 05/31/2027