



OAKLAND MUSEUM
of CALIFORNIA

Bill Burke, one of the Heritage Society's founding members.

AN ARTIST CRAFTS HIS LEGACY

Ceramist William Burke's home is a showcase for the art he loves. It's also where he's created his own works for more than 35 years. It's a live/work space designed to Bill's specifications and built before live/work was a real estate buzzword. It's an art-filled, light-filled space and everywhere you turn you see one of Bill's ceramic pots or that of other admired artists.

Bill claims he didn't even know that clay existed before a friend suggested they take an adult education course at the San Francisco Art Institute. Luckily Bill wasn't deterred from pursuing the medium when the class was canceled. Instead he enrolled in a nine-week residency program at Big Creek Pottery near Davenport, California. That's all it took; he was hooked.

Bill returned to San Francisco and began his career as a potter. He states that learning to throw pots is a little like learning to play the piano—practice, practice, practice. Of course it helped that he absolutely loved spending time in the studio. Looking around his home you can see the evolution of his work—from his early wheel-thrown, functional production pots to today's imaginative, hand-built art pieces.

Bill Burke's creativity doesn't stop at the beautiful ceramic works he creates. When he began putting his estate plans together he thought of those organizations that have been important to him. One of the first calls he made was to Oakland Museum of California Director Dennis Power, with the suggestion that his home and collection be left to the museum. When asked why he decided to make this gift Bill says, "I know of no other place that has such a love of and knowledge of craft."

Bill's living trust names the museum as the recipient of his home in addition to his art collection. His gifts will go in part to endow temporary craft exhibitions, ensuring that Bill's favored art form always has a prominent place at the museum.

In addition to giving real estate through estate planning, as Bill has done, there are various ways of managing property and arranging for its distribution by which you can minimize taxes and worries for your heirs. You may also be able to arrange a supplemental income for retirement. Or give a home while continuing to live there. Read on for more ideas.

LEARNING MORE ABOUT GIFTS OF REAL ESTATE

SELECTING THE RIGHT PROPERTY FOR YOUR GIFT

- ✔ Make sure the property is readily salable.
- ✔ The appraised value of the property and the amount of the anticipated gift must match.
- ✔ Mortgaged property calls for special attention to the way in which it is given.

Here are answers to commonly asked questions about making gifts of real property.

Q. Why would a person give real estate rather than cash?

A. Cash is the most common form of charitable gift. However, by giving other property, a donor may receive greater tax benefits and conserve cash needed for other uses.

People who want to give may find that they can sometimes make a larger gift at less after-tax cost by giving real estate and other non-cash property, such as stocks and mutual funds.

Real estate may also be given in creative ways that provide an

income or other benefits to the giver. This, too, can help a person give more than might be possible with other gifts.

Q. What types of real estate can be given?

A. Most types of marketable real property may be given. Houses, farms, vacation homes, office buildings, undeveloped land, and rental property are examples. It is possible to give either

all or a portion of the property's value.

Q. How can giving real estate help me increase the savings from my gift?

A. Let's assume you own a piece of property that has increased in value since you purchased it 10 years ago. You are considering

selling it, but you would also like to make a gift of similar value to a charitable cause.

By using the property to make your gift, you will generally be allowed a charitable income tax deduction for the *current value*, not the original purchase price. In addition, you avoid paying tax on the capital gain, which would be due if you sold the property and gave the proceeds.

Note: In order to receive these benefits, you must have owned the property you give for more than a year. Your tax advisor can verify the current holding period before you give.

Q. What if the property has decreased in value?

A. If the property you want to give has gone down in value, it is usually better to sell it and give the cash received from the sale. That way, you may create a capital loss for income tax purposes and can still deduct your charitable gift. In this way it may be possible to deduct more than the current value of the property.

Q. How would I go about making the gift?

A. Giving real property is handled by deeding the property to the new owner, just as with a sale. Your professional advisor can help you evaluate the benefits of your gift and assist you with an appraisal and other steps. We will be happy to help you find answers you need as well.

Real estate can also be given through your will or other estate planning tools.

Real estate may be used to fund gift plans that generate payments each year for the rest of your life. As a supplement to retirement income, such an arrangement can be very attractive.

Also, property given to charity through life income gift plans generally does not trigger capital gains tax at the time of the gift, which can be a sizable savings on property that has risen greatly in value. Capital gains tax can be a real deterrent to a sale, thereby making a gift appealing.

Life income gift plans may take several forms, depending upon your assets and financial goals. The income you retain can be set permanently when the gift plan is arranged or can be variable, if desired.

The various plans share the following:

1. The donor transfers real estate, stocks, cash, or other property to fund the plan.

2. The donor receives a charitable tax deduction when the plan is created for a portion of the value of the assets transferred. Capital gains tax is not payable at the time of the gift.

3. The donor (and survivor, if desired) receives payments annually or on another agreed-upon schedule for life or, in some cases, for another period of time. The payment size or rate is determined when the plan is established.

4. The charitable beneficiary receives all assets in the plan at the death of the last payment recipient or whenever the plan ends.

If you have a residence, farm, vacation home, or other marketable property that is no longer needed for its original purpose, such a plan can help you “unlock” cash as you make a special gift. More information is available.

ADD TO RETIREMENT SECURITY

Unlock income while making a gift.

Tax laws provide that you can give your residence or farm and continue to live there. You are still responsible for taxes, maintenance, and other upkeep, and you may keep any income the property produces. You retain a “life estate” in the property.

A life estate arrangement allows you an income tax deduction immediately. Your deduction will be for the calculated value of the eventual charitable gift, taking into account the value of your life interest in the property.

If you choose, your spouse or someone else may also have an interest in the property if he or she survives you.

The charitable cause you name receives full use of the property when the last beneficiary of the life estate arrangement dies.

Planning tip: You can also arrange for only a percentage of the value of your house or farm to be given to charity, with the rest distributed to whomever you choose.

GIVE YOUR RESIDENCE, YET CONTINUE TO LIVE THERE

HERITAGE SOCIETY: ENSURING THE MUSEUM'S FUTURE

The museum family includes many devoted individuals who are key to our success in celebrating California's unique art, history, and natural sciences. For more than 35 years, the Bay Area community has been enriched by the effort of these dedicated men and women who offer their talents as docents, Women's Board, guild and advisory committee members, volunteers, trustees, and members of the museum. We salute this extraordinary group of people and thank them for their role in the museum's past and present.

Many of these same individuals also participate in the future of the museum by making plans to support the museum with their estate or life income gifts; a decision which makes them eligible for membership in the Heritage Society. Heritage Society members are invited to special museum events throughout the year and are honored for their extraordinary commitment at an annual reception.

If your name belongs among the more than 100 generous individuals who make up the Heritage Society, please use the enclosed card to let us know. Thank you for your vision of the future at the Oakland Museum of California.

YOU DON'T HAVE TO BE A REAL ESTATE TYCOON

A gift of real estate is just one way to leave a legacy. With commitment and, maybe, some creativity, you too can make an enduring impact at the Oakland Museum of California. Following are some of the options for making gifts to the museum through your will or other estate planning tools.

1. Bequests in Wills/Living Trusts: A bequest can take several forms. *Percentage:* Naming a percentage of your estate to go to the museum allows the size of the gift to remain in proportion to the size of your estate. *Fixed amount:* A specific dollar amount to be given is identified in your will. *Contingent:* This gift occurs only in the case that other beneficiaries are pre-deceased or in the event of a specified condition. Without a contingent beneficiary your property might pass to beneficiaries in whom you have no interest. The museum is often named as contingent beneficiary in wills, revocable living trusts, and

other estate plans. *Residue:* This is a gift of whatever property remains after other distributions have been fulfilled.

2. Appreciated Property: It can be good tax planning to use securities, real estate, or other property, such as a valuable collection which has increased in value, to make a gift to the museum.

3. Retirement and Life Insurance Plans: Naming the museum as beneficiary of your IRA, retirement plan, or your life insurance could be a sensible as well as generous course of action.

4. Life Income Plans: A pooled income fund, gift annuity, or a charitable remainder trust provides you with income now and the museum later.

Remember, your gift may be designated to benefit a specific program or be given in memory of a loved one. The museum's staff would be happy to assist you in crafting how best to leave your legacy.



Pat Gannon, Laurie Donegan, and Bonnie Killip pose in front of an Arthur Mathews painting, which was discussed in Senior Curator of Art Harvey Jones' talk during the annual Heritage Society recognition party.