

Outrigger Foundation News

By Ron Sorrell

It is now easier to take a current charitable deduction for property you and your spouse or child can use for the rest of your lives.

There isn't any doubt that you can get a current deduction when you give a charity, such as the Outrigger Duke

Kahanamoku Foundation, a remainder interest in property you own, and retain a life estate for yourself.

But this could leave your spouse or child out in the cold when you die. The way around this problem would be to create a joint remainder interest for your spouse or child and the Outrigger Duke Kahanamoku Foundation as tenants in common.

The ODKF would eventually get full title to the property, but would not be able to sell it out from under your loved ones. The IRS always insisted, however, that no deduction was allowed on a "split gift."

The IRS said the entire remainder had to be given to charity or no deduction at all was allowed. But the IRS recently changed its mind and admitted that there was no basis for the prior rule.

Now you can get a current charitable deduction for whatever share you give to the Foundation.

For example, suppose you create a remainder interest in which your child and the ODKF are tenants in common, with each having a 50% interest. You can get a deduction today for half the value of the remainder interest. If you leave the Foundation only a 10% interest in the remainder, you get a deduction for 10% of the value of the remainder. (Revenue Ruling 87-37).

(Sorrell is the founder of the Outrigger Foundation and an investment counselor. For additional information on how you can make a gift to the ODKF, call him at 531-0522.) ☎

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