

- It is important to note that Remainderpersons are considered owners of the property, so a bankruptcy, divorce or creditor problem for one of the Remainderpersons can affect the title to the property. Consequently, Grantors should exercise caution and only sign a Retained Life Estate Deed when the Grantor knows that the Remainderpersons have a low risk for bankruptcy, divorce and creditor problems.

### **Benefits of Using a Transfer on Death Deed or Retained Life Estate Deed**

Designating Mount Olivet or another charity as the grantee on a Transfer on Death Deed or Retained Life Estate Deed provides many benefits to the owner of real estate. The owner

*The owner continues to enjoy the full use of the property for the owner's lifetime.*

continues to enjoy the full use of the property for the owner's lifetime. The owner has peace of mind knowing that there will be no probate of the real estate

after the owner passes away. Additionally, the owner's estate will receive a charitable deduction for estate tax purposes.

Transfer on Death Deeds and Retained Life Estate Deeds can be part of a straightforward and economical estate plan. Neither type of deed requires complicated estate planning, and the cost of drafting and recording the deeds is often substantially less than the cost of drafting and probating a Will.

Both kinds of deeds result in tax benefits for the Grantee Beneficiary or Remainderperson. For income and capital gains tax purposes, the grantee on a Transfer on Death Deed or a Retained Life Estate Deed receives a step-up in basis to the fair market value on the date the Grantor passed away. If the grantee sells the real estate, the grantee reports gain only on the difference between the sale price and the value of the property on the date the Grantor passed away.

If you own real estate, you should consult with your estate planning attorney to determine whether a Transfer on Death Deed or Retained Life Estate Deed could be right for you. In the right circumstance, both kinds of deeds truly provide a great way to leave a legacy.

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This publication is information for friends and donors and illustrates concepts in tax and estate planning. The information is not intended as legal services or advice. You should consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

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Leave Your Legacy  
for Mount Olivet Home  
Mount Olivet Careview Home  
& Mount Olivet Day Services



MOUNT OLIVET  
LUTHERAN CHURCH



MOUNT OLIVET  
DAY SERVICES



MOUNT OLIVET  
ROLLING ACRES



MOUNT OLIVET  
CONFERENCE &  
RETREAT CENTER



MOUNT OLIVET  
CAREVIEW HOME



CATHEDRAL  
OF THE PINES



MOUNT OLIVET  
HOME

# TRANSFERS OF REAL ESTATE

For many people, their home is the largest asset they own. Because of the significant sentimental and monetary value of real estate, it is important to ensure that it gets passed on according to the wishes of the owner. Will and Trust provisions are one way to carry out an owner's wishes for what happens to real estate after the owner passes away. Minnesota has also created two Will substitutes for carrying out wishes regarding real estate: The Transfer on Death

*Real estate owners can transfer the future ownership of their real estate to loved ones or to a charitable organization.*

Deed and The Retained Life Estate Deed.

The Transfer on Death Deed and the Retained Life Estate Deed are both relatively simple ways for an owner

to retain ownership of real estate during their lifetime while designating the beneficiary to whom the real estate will pass without the need for probate. Using one of these deeds, real estate owners can transfer the future ownership of their real estate to loved ones or to a charitable organization such as Mount Olivet Lutheran Church or one of its six affiliated ministries.

## Transfer on Death Deed in a Nutshell

- The Transfer on Death Deed became effective in Minnesota on August 1, 2008, so it is a fairly new method of transferring real estate to a named beneficiary outside of a Will or Trust.
- A Transfer on Death Deed is a deed which transfers ownership of real estate to a Grantee Beneficiary, taking effect on the death of the Grantor Owner. The Grantor Owner is the person who owns the real estate. The Grantee Beneficiary is the person, persons or organization who will become the owner of the real estate when the Grantor Owner passes away.
- Transfer on Death Deeds work well for designating a small number of beneficiaries who get along with each other.
- To create a valid Transfer on Death Deed, all current owners of the real estate sign the deed. The deed is then recorded in the County Recorder's or Registrar's Office where the real estate is located. It is important that the Transfer on Death Deed be recorded immediately after signing, because Minnesota law requires that this type of deed be recorded *before* the death of the Grantor Owner.

- When the Grantor Owner passes away, there is no probate of the real estate. The Grantee Beneficiary simply records an Affidavit of Survivorship and a Clearance Certificate indicating that there are no outstanding medical assistance claims. Then the real estate belongs to the Grantee Beneficiary.
- Minnesota law allows a Grantor Owner to easily make a change to a Transfer on Death Deed by revoking the original deed, recording a new deed or selling the real estate. The Grantor owners are the only signatures needed for a sale or new Transfer on Death Deed.

## Retained Life Estate Deed in a Nutshell

- A Retained Life Estate Deed is a deed which transfers ownership in real estate to the Remainderperson (the person, persons or charitable organization who will become the owner on the death of the Grantor). The Grantor retains a life interest in the property, meaning that the Grantor has the right to live there and use the property during his or her lifetime. The Grantor also has the responsibility to pay taxes and to insure and maintain the property during his or her lifetime. When the Grantor passes away, ownership of the real estate transfers to the Remainderperson.
- Retained Life Estate Deeds work well for designating a small number of beneficiaries who get along with each other.
- To create a valid Retained Life Estate Deed, all current owners of the property should sign the deed. The deed should then be recorded in the County Recorder's or Registrar's Office for the county where the real estate is located, but the deed does not have to be recorded before the death of the Grantor.
- When the Grantor passes away, the real estate does not have to be probated. The Remainderperson simply records an Affidavit of Survivorship in the county where the real estate is located. Then the real estate belongs to the Remainderperson.
- To make a change to a Retained Life Estate Deed or to sell the real estate, all parties to the original deed must consent. This means that all Grantors *and* all Remainderpersons plus their spouses must sign a new deed.