

# Charitable Giving: Leveraging Complex Assets – Maximizing Impact for Your Donors and Clients

Northern California Planned Giving Council  
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# Discussion agenda

1. WHY complex assets?
2. WHAT are complex assets?
3. WHO are the right clients?
4. HOW to engage with your clients?



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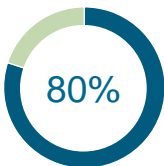
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## Donors are primarily donating cash



of donors have appreciated assets such as stocks, mutual funds or bonds.



*But only 21% of these donors have contributed this type of asset to charity.*



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Source: 2016 Fidelity Charitable Giving Gap Report

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WHY WHAT WHO HOW

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## Advisors are instrumental in client education

50% of donors have had a specific charitable planning conversation with an advisor



2 out of 3

Two out of three received an explanation of various giving options and the tax benefits<sup>1</sup>



1 out of 2

One out of two said the discussion helped make ongoing decisions about what or how much to contribute to charity<sup>1</sup>

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Source: 2016 Fidelity Charitable Giving Gap Report

WHY WHAT WHO HOW

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## Considerations when Donating Complex Assets

	Donor Advised Fund (DAF) <sup>1</sup>	Directly to Public Charity	Private Foundation (PF)
Tax deduction	Fair market value	Fair market value	Cost basis
Expertise handling complex assets	Internal expertise (some may outsource)	May need to outsource – could reduce net amount	Generally outsource
Deduction limitation (federal)	30% of AGI	30% of AGI	20% of AGI
Ability to diversify giving with one asset	Multiple grants to many charities with one asset	100% of asset to one charity	Multiple grants to many charities with one asset
Confidentiality	Option to give anonymously on grant recommendations	May generate additional fundraising	Annual tax filings of IRS Form 990-PF is a public record of assets, contributors and grants
Efficiency	One point of contact for transaction	Multiple charities require multiple contacts	One point of contact for transaction

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WHY WHAT WHO HOW

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## Examples of complex assets

### Private Company Stock

- S-Corp
- C-Corp

### Real Estate

Private Equity Interests: Shares, LLC and Limited Partnership

### Restricted Stock

### Insurance Interests

### Oil and Gas Royalty Interests

### Certain Alternative Investments



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WHY WHAT WHO HOW

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### Profiles of potential complex asset donors



Traditional Business Founder



Real Estate Investor



Start-up Entrepreneur



C-Suite Executive



Private Equity / Venture Capital Professional

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WHY WHAT WHO HOW

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### Key diligence points for the charity



Transferability



Valuation



Liquidity and Timing



Risk Management

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WHY WHAT WHO HOW

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### Richard: Traditional Business Founder

- Boomer Generation
- Age 60+
- Started thriving private business
- Business will transition in 1-10 years
- Can donate private company stock prior to a liquidity event



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WHY WHAT WHO HOW

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### Adam: Real Estate Investor

- Owns second home in Pebble Beach
- Interested in donating to multiple charities
- Can donate property outright
- Can put property into LLC and donate interest



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WHY WHAT WHO HOW

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### Grant: Start-up Entrepreneur

- Serial Entrepreneur
- Age 25 – 50
- May have started and sold multiple businesses
- Can give shares:
  - ✓ Prior to IPO
  - ✓ During subsequent funding rounds
  - ✓ In advance of sale of the company



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WHY WHAT WHO HOW

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### Elizabeth: C-Suite Executive

- CEO, CFO, COO, etc.
- Often own shares in businesses they are running
- If publicly held, may be restricted or control shares and some considerations apply



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WHY WHAT WHO HOW

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## Brent: Private Equity/Venture Capital Professional

- Managing Director/Partner at PE/VC firm
- Owns a variety of non-publicly traded assets that represent significant % of wealth
- Often quite philanthropic
- Often uses cash for charitable giving
- Can contribute portfolio company stock
- May be able to contribute interests in:
  - Fund Interests (LP Interests), Equity in the GP (typically LLC Interests)
  - Co-Invest Vehicles
  - Special Purpose Vehicles



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WHY WHAT WHO HOW

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## Support when and where you need it

Fidelity Charitable's team of experts:



**In-field Experts**  
provide support and guidance



**In-house Team of Attorneys**  
facilitates illiquid contributions



**Insights and Resources**  
help you grow your practice



**Dedicated Team**  
delivers premium service for your most generous clients

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