GIFTS OF BUSINESS INTERESTS

DONATE EQUITY. REDUCE TAXES. MAKE AN IMPACT.

GOOD BUSINESS DECISIONS CAN DO GREAT THINGS FOR YOUR COMMUNITY.

You have built a successful business. Let us help you build a stronger community. If your exit strategy includes charitable giving, Central Indiana Community Foundation (CICF) and its affiliates, The Indianapolis Foundation and Hamilton County Community Foundation, offer an innovative way for business owners and investors to make pre-sale gifts of closely held business interests, maximizing charitable impact while taking advantage of substantial tax benefits.

By gifting interests in LLCs, limited partnerships or closely held corporations, we can help you support the causes you value and greatly reduce your tax liability.

MAXIMIZE YOUR INCOME TAX DEDUCTION

A gift of business interests to a fund at CICF or one of its affiliates allows you to maximize your income tax deduction (typically fair market value, up to 30 percent of adjusted gross income) thereby reducing income tax liability in the year the gift is made.

AVOID OR REDUCE CAPITAL GAINS/ESTATE TAX

By gifting business interests prior to sale, you can reduce or eliminate costly capital gains tax, creating more charitable impact from your gift. By giving now, you also can remove these business interests from your estate, thereby reducing potential estate tax liability.

AT YOUR SERVICE

Work with our team of experts to make gifts of complex business interests, create charitable giving plans, access our community knowledge and make an impact.

1 DONATE BUSINESS ASSETS	2 GIFT HELD & LIQUIDATED	3 START CHARITABLE GIVING
Donate business interests to CICF Charitable Holdings, LLC, which carries same charitable status as CICF and its affiliates and can quickly complete due diligence.	Flexible timeline for liquidation.	Work with your personal philanthropic advisor to create a strategic giving plan.
Fund is established at CICF or affiliates to accept proceeds of liquidated gift.	Proceeds from liquidation transfered to a gift fund at the foundation.	Distribute grants from the established fund to any qualified not-for-profit in the U.S. at any time.
No transaction or acceptance fees charged.		No five percent payout required.
Income tax deduction maximized; capital gains and estate taxes eliminated or reduced.		

Information provided is general in nature and is not intended to be, and should not be, construed as legal or tax advice. Laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy or completeness of information provided herein.

THE INDIANAPOLIS FOUNDATION
A CICF AFFILIATE

CICF
CENTRAL INDIANA COMMUNITY FOUNDATION

HAMILTON COUNTY COMMUNITY FOUNDATION
A CICF AFFILIATE

CICF.org
317.634.2423

REAL-WORLD EXAMPLES OF GIFTING BUSINESS INTERESTS

A DONOR'S STORY

Local business man and philanthropist, Mike Smith, donated his interests in several different closely held businesses to a donor-advised fund he and his wife, Sue, established at Hamilton County Community Foundation.

"Being able to utilize our donor-advised fund to accept these two different privately held business interests was enormously helpful. CICF and Hamilton County Community Foundation have the infrastructure and sophistication to be able to act quickly. CICF was an integral part of the team of advisors that made things happen on schedule, which was key to my being able to make the charitable gifts and expanding our family's gift capacity," said Mr. Smith.

AN ADVISOR'S STORY

Advisors similarly appreciate CICF's expertise in accepting charitable gifts of closely held business assets. Brett Headley, vice president at J.P. Morgan Private Bank, assembled the team necessary to accomplish a top client's charitable transfer. Mr. Headley worked closely with the staff at CICF. According to Mr. Headley, "These transactions aren't simple like gifting publicly traded stock, and J.P. Morgan partnered with CICF and the client's advisors to accomplish our shared client's goals."

REMINDERS

There are complex requirements at play for gifts of non-publicly traded business interests, and timing can be a critical factor. It is crucial that the business owner donate his or her interests before there is a signed agreement with a prospective buyer. Donors must also follow IRS rules regarding appraisal requirements in order to substantiate the tax deduction.

It's complicated, but that's why we're here. We have the know-how to handle complicated charitable gifts and we want to be your charitable partner. If you or your client is thinking of selling a closely held business and might want to donate a piece of it pre-sale, make sure to call us as soon as possible.

SAMPLE TAX BENEFITS BEFORE VS. AFTER A SALE

This table compares the after-tax cost of a cash donation of $1M following the sale of a business interest with a FMV of $1M and a cost basis of $100,000 with the tax savings that result if the donor had made a pre-sale gift instead.

	Sell Then Give Cash from Sale	Give Then Sell FMV of Business Interest
Contribution	$1,000,000	$1,000,000
Cost Basis	$100,000	$100,000
Top Marginal Tax Rate	37%	37%
Income Tax Saved	$370,000	$370,000
Capital Gains Tax (20%)	$180,000 PAID	$180,000 AVOIDED
Net Investment Income Tax (3.8%)	$34,200 PAID	$34,200 AVOIDED
After-Tax Cost of Gift	$844,200	$415,800

Donating business interests pre-sale often results in significant capital gains tax avoidance in addition to the charitable income tax deduction available with post-sale gifts of cash.

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