

Creative Charitable Planning with Noncash Assets

A Case Study Approach

Bryan Clontz, Ph.D., CFP®, CAP®
President, Charitable Solutions, LLC
bryan@charitablesolutionsllc.com (404) 375-5496

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Agenda

- **Non-Cash Market Overview**
- **Non-Cash Asset Types**
- **A 5-Minute Non-Cash Tax Seminar**
- **Legislative Update**
- **Reasons Non-Cash Assets are Declined**
- **Two Case Studies**

Non-Cash Asset Market Overview

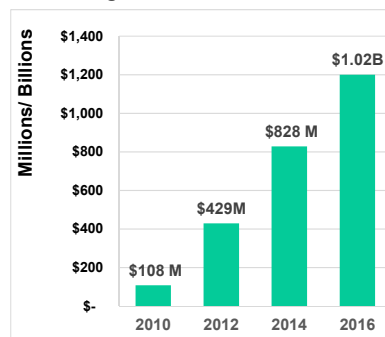
- More than half of affluent investors' assets are held in non-cash assets; cash only represents 6-8%
- Aggregate stock market value is approximately \$26 trillion; non-cash market estimates are \$50-60 trillion
- Of the \$390 billion in donations last year, non-cash assets are estimated to be 6-8%

Source: Spectrum 2010 HNW Survey

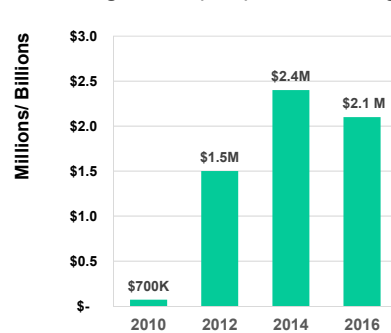
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Non-cash gifts have more than doubled in contributions and size to only three charities!

Non-cash gift contributions



Average value (size) of non-cash gifts



Source: Charitable Solutions, LLC 2018 based on 2016 990 data

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Non-Cash Asset Types

- **Real Estate**
 - Residential vs. Commercial, Encumbered vs. Unencumbered, Partial vs. Entire Interests
- **Privately-Held Interests**
 - C-Corp and S-Corp Stock, Limited Partnerships or LLCs
- **Restricted Stock**
- **Tangible Personal Property – Art/Collectibles (New PPA Rules)**
- **Weird Stuff**
 - Quarterhorse, Seat on New York Mercantile Exchange, Gold Bullion, Euro-Denominated Bond, Beach House in Mexican Land Trust, Paris Condo, UPREIT Partnership Units, Patents, Timber Deeds, Clay Mineral Rights, Book Royalties, Oil & Gas Interests, Hedge Fund Carried Interest, NFL Team, Pile of Dirt, Historic Papers, and finally, Dead Animals

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A 5-Minute Non-Cash Seminar

- **Cash BAD – Everything else GOOD!**
- **Capital gain property receives a fair market value deduction AND an elimination of capital gains tax if donated to a public charity**
- **If donated to a private foundation, donations of non-cash assets during life only receive an adjusted cost basis deduction**
- **Public charities do not have a 5% payout requirement – private foundations do**
- **Donor advised funds are especially attractive for multiple grants—only one acknowledgment letter needed**

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Appraisal Considerations

- **Appraisal may occur 60 days prior to gift at the earliest, and the latest being the time the donor files the tax return – Donor completes Form 8283 and Charity completes Form 8282**
- **Pension Protection Act Key Changes**

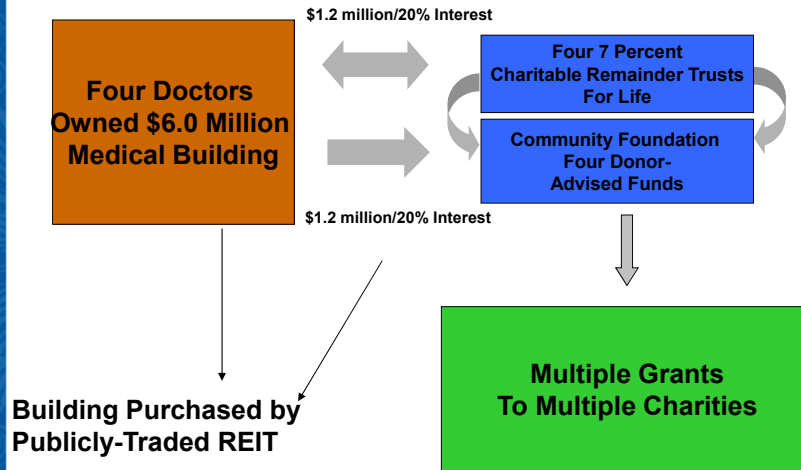
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80% Of All Non-Cash Gifts Rejected

- **Tax and Legal Complexity**
- **Environmental Issues**
- **Management Issues**
- **Charity's Internal Process**
- **Perceived/Real Risk/Reward Ratio**

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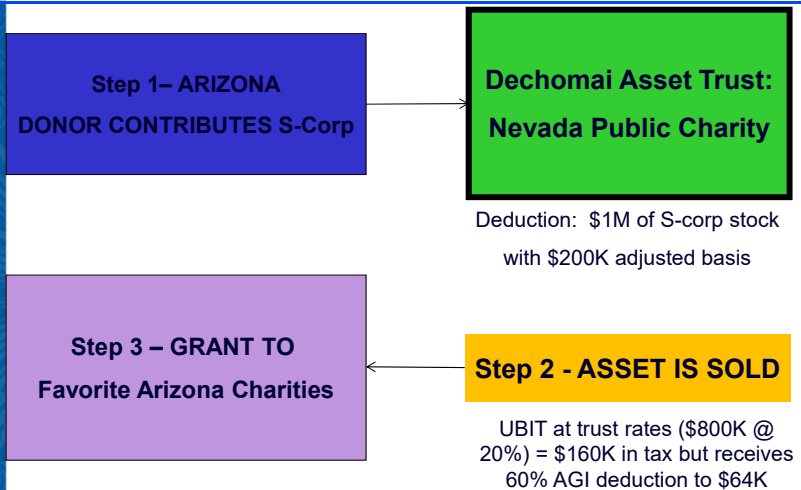
Case Study #1 Commercial Real Estate Contribution



For illustrative purposes only.

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Case Study #2: S-Corp UBIT Solution/Dechomai Asset Trust Donation Flow



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