

GIFTS OF PRIVATELY HELD SECURITIES

Donating family venture and other closely held business interests

Charitable gifts of appreciated stock or other ownership interests in a **privately held** C Corporation, S Corporation, LLC or Limited Partnership may help you meet your philanthropic goals. These assets are sometimes referred to as family, venture, or closely held securities.

Benefits

Duke accepts gifts of privately held securities — directly or via a pass-through charity. Benefits may include:

- Receive an income tax deduction (appraised value) for an outright gift.
- Reduce estate and gift taxes (transfer taxes) in some cases.
- Avoid the capital gains taxes you would incur if you sold some of these assets.
- Support the area of Duke you feel most passionate about.

How it works

Generally speaking, if you donate **appreciated** stock or other business interests owned for one year or more, your income tax deduction will be based on the **fair market value** of those assets, and you **avoid taxes on the capital gains**. In most cases, Duke will not be subject to tax on the appreciation, and the **full value of your gift will be available for the purpose you designate at Duke!** Note: S corporation shares are an exception.

Avoiding capital gains taxes—combined with the income tax deduction you receive for your gift—lowers the “out of pocket” cost of your gift. Consider a gift of \$100,000 in closely held C corporation stock (owned longer than one year) that has a tax basis of \$10,000. With tax savings, the cost of making the \$100,000 gift may be as low as \$41,550 (or lower with state tax savings). See the chart on the reverse side.

IS THIS GIFT RIGHT FOR ME?

- ✓ I want to make a gift, but not with cash.
- ✓ I have owned the assets I want to give for more than one year.
- ✓ I could describe myself as a:
 - Venture capitalist
 - Entrepreneur
 - Angel investor
 - Family business owner or company founder
 - Start-up or private company employee with stock options

GIFT OF \$100,000 OF CLOSELY HELD "C" STOCK (COST BASIS \$10,000)	
Gift	\$100,000
Less: Federal Income Tax Savings (37%):	(\$37,000)
Less: Federal Capital Gains Tax Savings (23.8%):	(\$21,420)
Net cost of this gift:	\$41,550

Assumptions include: donor subject to highest federal marginal income tax and capital gains tax rates and will be able to recognize entire income tax deduction. Federal capital gains tax rates include 3.8% Medicare Surtax.

Other factors to consider

- The type of security or business interest being considered for a charitable gift will largely determine your charitable gift options. Our team of experts can work with you and your advisors to determine the best option.
- What are your short-term and long-term charitable goals for Duke and other charities?
- Are there any non-financial considerations, such as family values, that you want to incorporate in your giving strategy?
- Do you want to make an outright gift that is available for immediate use by the charity, or one that can be used to help you and your family meet future financial and philanthropic goals?

Visit our Blueprints blog for our frequently asked questions about gifts of privately held securities: giving.duke.edu/blueprints

Regardless of whether a charitable gift is made during your life or through your estate, any cash proceeds received by Duke will be used in accordance with your written wishes.

Connect with us to get started

Duke University's Office of Gift Planning has charitable planning experts available to work with you and your financial advisors to explore charitable giving strategies that support your financial goals now and in the future.

EMAIL: giftplanning@duke.edu

PHONE: (919) 613-1521

WEBSITE: giving.duke.edu/giftplanning

BLOG: giving.duke.edu/blueprints

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