

GIFTS OF PRIVATELY HELD SECURITIES

Giving to
Duke
GIFT PLANNING

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 financial and philanthropic goals. These assets are sometimes referred to as family, venture, or closely-held securities.

Benefits

Duke is able to accept gifts of privately held securities—directly, or via a pass-through charity. Benefits may include:

- Receiving an income tax deduction for an outright gift (based on the gift's value, as determined by a qualified appraisal);
- Reducing estate and gift taxes (transfer taxes) in some cases;
- Avoiding the capital gains taxes you would incur if you sold some of these assets;
- Supporting the area(s) at Duke you care about most.

How it works

Generally, 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).

This gift could be attractive to you if:

- You want to make a gift, but not with cash.
- You have owned the assets you want to donate for at least one year.
- You could describe yourself as a venture capitalist, entrepreneur, angel investor, family business owner or company founder, or a 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
Federal Income Tax Savings (37%):	(\$37,000)
Federal Capital Gains Tax Savings (23.8%):	(\$21,420)
Net cost of this gift:	\$41,550

**Assumes donor is 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

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

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 professionals 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

WEBSITE: giving.duke.edu/giftplanning

PHONE: (919) 681-0464

BLOG: giving.duke.edu/blog

This information is provided with the understanding that neither Duke University nor the authors are providing legal, accounting, or other professional advice or counsel. Please consult your personal counsel about the financial, tax, and legal implications of any gift.