FIVE FOOLPROOF STEPS:
TO EVERY NON-CASH GIFT

Dana J. Holt, JD RICP AEP® CAP®
FEDERAL RESERVE DATA ON AMERICAN WEALTH:
2016

- Retirement + LI: 26%
- Real Estate: 22%
- Securities: 21%
- Cash: 11%
- Private Business: 11%
- Misc: 6%
- Gov’t Bonds: 3%
GIFTS BY ASSET TYPE IN 2016: $390 BILLION

- Stocks/MF: 9.62%
- Real Estate: 1.87%
- Art/Collections: 0.67%
- Food: 0.04%
- Clothing: 2.97%
- Electronics: 0.13%
- Household: 1.53%
- Vehicles: 0.13%
- Other: 1.92%
- Cash: 81%
**“WHY CASH IS NOT KING IN FUNDRAISING” BY RUSSELL JAMES, PHD (JULY 2018)**

<table>
<thead>
<tr>
<th>YEARS</th>
<th>CASH ONLY</th>
<th>ANY NONCASH</th>
<th>ANY SECURITIES</th>
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<tbody>
<tr>
<td>2010-2013</td>
<td>5%</td>
<td>34%</td>
<td>44%</td>
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<tr>
<td>2011-2014</td>
<td>1%</td>
<td>30%</td>
<td>42%</td>
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<tr>
<td>2012-2015</td>
<td>2%</td>
<td>30%</td>
<td>39%</td>
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<tr>
<td>2013-2016</td>
<td>0%</td>
<td>25%</td>
<td>33%</td>
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THE FIVE STEPS

1. Know the Basics
2. Gather the Right Information
3. Assess Opportunity and Risk
4. Accept or Decline
5. Liquidate or Manage
#1 Know the Basics
KNOW THE BASICS

➤ Tax Treatment
➤ Method of Transfer
➤ Charitable Deduction
➤ Ways to Give
➤ Life Events
SECURITIES: TAX BASICS

- Capital Gains
- "Basis"
- "Gain"
- Fed Tax Rates
  - 0%, 15%, 20%, 23.8%
SECURITIES: BASICS

➤ Electronic or Certificate

➤ FMV Deduction
  ➤ 30% AGI limitation
  ➤ carry-forward

➤ All ways to give work

➤ Life Events
REAL ESTATE: TAX BASICS

➤ Capital Gain Asset
➤ 15% - 23.8% tax to donor
➤ FMV Deduction
➤ 30% AGI limitation
➤ Stepped-up basis to heirs
➤ Bargain sale
REAL ESTATE BASICS

➤ "Qualified" Appraisal
➤ Forms 8283/8282
➤ Pre-arrangement
#2
GATHER THE RIGHT INFORMATION
How many shares?
Electronic or Certificate?
How long owned?
Ticker Symbol(s)
Qualified or Non-Qualified?
Broker Information
REAL ESTATE: GATHER INFORMATION

➤ Who owns?
➤ Uses?
➤ Mortgage?
➤ Value?
➤ Carrying Costs?
➤ Acquisition Date?
#3 
ASSESS OPPORTUNITY AND RISK
SECURITIES: OPPORTUNITY/RISK

➤ Zero carrying costs
➤ Highly liquid
➤ Highly valuable
➤ Ethical questions?
REAL ESTATE: OPPORTUNITY/RISK

➤ Marketability
➤ Value
➤ Carrying Costs
➤ Tenants
➤ Environmental
➤ Title
#4

ACCEPT OR DECLINE

Yes

No
Thank You

SECURITIES: ACCEPT/DECLINE

- Transfer
- Electronic or Certificate?
- Communicate Plan
- Gift Receipt

- Decline Respectfully
  - *ALWAYS* explain WHY
REAL ESTATE: ACCEPT/DECLINE

➤ Transfer
  ➤ Deed type
  ➤ Communicate process
  ➤ Communicate use
  ➤ Closing Documents
  ➤ Gift Receipt

➤ Decline or Partner Up
  ➤ ALWAYS explain WHY
#5
LIQUIDATE OR
MANAGE
STOCK: LIQUIDATE OR MANAGE

- Liquidate ASAP
- Investment Policy
REAL ESTATE: LIQUIDATE/MANAGE

➤ Liquidate appropriately
  ➤ Best price possible
  ➤ Beware seller financing
  ➤ Carrying costs

➤ When to retain?
  ➤ Needed
  ➤ Cost-effective
  ➤ Best interest of charity
MARIANNE & KEVIN

Direct Gift
MARIANNE & KEVIN: GOALS

- Company "went public"
- Diversify investments
- Minimize taxes
- Support charity now
MARIANNE & KEVIN: TOOL & TECHNIQUE

➤ Company Stock

➤ Direct gifts to charity $100k

➤ Direct gift to DAF $50k

➤ Reduce taxable income by $150k

➤ off-sets sale of stock
IRMA: GOALS

➤ Retire from property mgmt.
➤ Travel
➤ Time with grandchildren
➤ Support:
  ➤ church
  ➤ cat shelter
  ➤ food bank
IRMA: **TOOLS**

- Two apartment buildings
- 4 Duplexes
- IRA
- Condo
IRMA: **TECHNIQUE**

- 1 Apartment bldg -> DAF
- Sell all duplexes
- Deduction offsets sale
- Retirement!!!
PROCEDURES: **IN ORDER**

- Questionnaire
- Site Visit
- Memorandum of Gift
- Title Check
- Asset Transfer
- Sale
LESSONS LEARNED

➤ Always hire a property manager.
➤ Get adequate insurance.
➤ Consider inspection.
➤ Be patient.
TECHNICAL RESOURCES

➤ IRS Publication 561
  ➤ valuation of donated property

➤ IRS Publication 526
  ➤ charitable deduction rules
GUIDE DONORS TO MAKE NON-CASH GIFTS

SCHOOL FOR NON-CASH GIFTS

➤ De-mystify non-cash gifts.
➤ Discover more opportunities.
➤ Have confident conversations.

➤ CFRE Credit Included

➤ Watch first two modules for FREE!
THERE’S A MODULE FOR THAT...

➤ Real Estate
➤ Stock
➤ Life Insurance
➤ Virtual Currency
➤ Retirement Assets
➤ Artwork
➤ Farm Assets
➤ Mineral Interests
➤ Donor Advised Funds
LEARN YOUR WAY

- Specific Content Modules
- Comprehensive Series
COMPANION BOOK

Practical Knowledge
Step by Step Procedures
Asset Intake Checklists
POLLINATE CONSULTING: GROW YOUR NON-CASH GIVING PROGRAM

Weeks 1-2

Collect DATA

- One-on-one interviews with key staff
- Identify legal and tax advisors
- Evaluate current tech capacity
- Determine comfort level with non-cash gifts
- Name goals

Weeks 3-4

Analyze DATA

- Review Key Documents
  - Tax Returns
  - Budget
  - Balance Sheet
  - Gift Acceptance Policies

Weeks 5

Present RESULTS

- Presentation with written report
- Which non-cash gifts you can accept now?
- Which non-cash gifts you can accept in the future?

Weeks 6

Recommend ACTIONS

- Identify partner organization and facilitate relationships with them
- Outline future steps to equip staff to market, discuss, and process non-cash gifts
### MATCH AN ASSET TO THE RIGHT GIFT TYPE

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<th>Beneficiary Designation</th>
<th>Bequest</th>
<th>CLT</th>
<th>CRAT</th>
<th>CRUT</th>
<th>Donor Advised Fund</th>
<th>Gift Annuity</th>
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1. Direct gifts of IRA assets available as a Qualified Charitable Distribution. Donor must be 70.5 years or older at time of gift. Limited to $100k per donor.
2. If state allows “Transfer on Death”.
3. Extreme caution on S Corp Stock. Donation of S Corp stock to CFT will result in loss of S election for entire company.
4. Liquid capital increased risks to market or 401k.
THANK YOU!
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