



PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Gifts From Your Donor's Other Wallet – A Primer on Gifts of Non-Cash Assets

Date: October 26, 2023
Time: 1:00 – 2:00 Eastern
Presenters: Kara Morin
 Director of Client Services
 PG Calc

Karen A. Johnson
 Senior Director of Complex Asset Gifts
 Harvard University

0

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Agenda

- Where Your Donor's Wealth Lies
- The Process of Discovery
- The Cost of Non-Cash Fundraising
- The Importance of Gift Policy
- Asset Overview: From the Complicated to the Complex
- Q&A

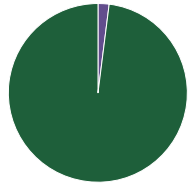
10/26/2023 © PG Calc 2023 1

1

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Where Your Donor's Wealth Lies

*Cash as Percentage of Assets

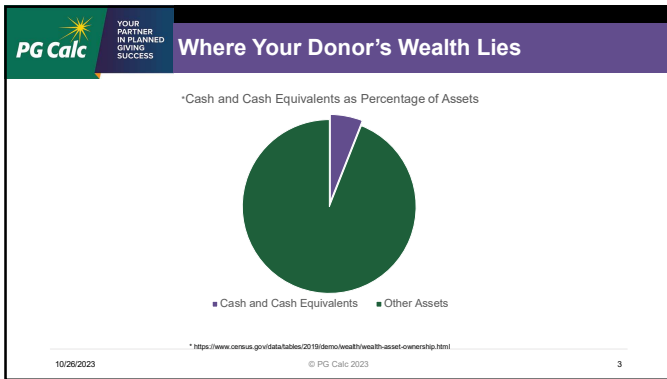


■ Cash ■ Other Assets

* <https://www.census.gov/data/tables/2019/demo/wealth/wealth-asset-ownership.html>

10/26/2023 © PG Calc 2023 2

2



3

-
- PG Calc** YOUR PARTNER IN PLANNED GIVING SUCCESS
- ### Wealth is Actually Held in....
- Stocks and Mutual Funds
 - Retirement Accounts
 - Equity in Business
 - Educational Savings Plans (i.e., 529s)
 - Equity in Home
 - Annuities and Trusts
 - Equity in Motor Vehicles
 - Life Insurance
 - Rental Property/Other Real Estate Equity
 - Other
- 10/26/2023 © PG Calc 2023 4

4

-
- PG Calc** YOUR PARTNER IN PLANNED GIVING SUCCESS
- ### What's an "Other"?
- Art
 - Collectibles (stamps, coins, etc.)
 - Crypto-assets (currency, NFTs)
 - Copyrights
 - Royalties (intellectual property)
- 10/26/2023 © PG Calc 2023 5

5

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Discovery and Non-Cash Assets

- Evaluate each gift on a case-by-case basis
- What is the asset – review documents, review physical asset
- Can the asset be transferred to and held by the Charity
- Estimated value now and in the future
- Tax considerations for the Donor and Charity
- Protect the Charity from having to pay out-of-pocket expenses
- Estimated time before liquidation
- Does use of funds at the Charity align with timeframe for liquidation

10/26/2023 © PG Calc 2023 6

6

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Spending Money to Raise Money

Pursuing Wealth Means Spending Money on **Either**:

- **In-House Staffing to Conduct Discovery, Close and Steward the Gift**
 - Investment specialist/Asset specialist
 - Legal Counsel
 - Realtor/Broker
 - Appraiser
 - Crypto-wallet
 - Ongoing Stewardship Responsibilities — Tax and Financial Reporting
 - Liquidation

or

- **Vendor Partnerships**
 - DAFs
 - Fee based vendors

10/26/2023 © PG Calc 2023 7

7

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Gift Policy is Your Friend!

- What types of assets do you accept?
- What assets are accepted directly (Charity is in chain of title)?
- What gifts are accepted through another entity (Charity is not in chain of title)?
- Outright only? Planned Gifts, too?
- If a CRT, is the donor first trustee?

10/26/2023 © PG Calc 2023 8

8

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Securities: Marketable vs. Restricted

Publicly Traded -- Marketable Securities

- Can be liquidated to cash quickly (Donor's need to understand liquidation policy)
- Bought and sold on a public exchange
- Issues with "Thinly-traded" securities

Publicly Traded -- Restricted Securities

- Subject to transfer restrictions
- Charity steps into the shoes of the Donor for purposes of the restriction

10/26/2023 © PG Calc 2023 9

9

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Retirement Accounts

401(k)/403(b)/IRAs

- Easy testamentary gifts
- 401(k)s and 403(b)s can be converted to Traditional IRAs

Traditional IRAs

- 401(k)s and 403(b)s can be converted to Traditional IRAs
- Outright QCDs
- QCD CGAs

10/26/2023 © PG Calc 2023 10

10

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Real Estate

General Types of Real Estate

- Residential
- Commercial
- Raw Land

Issues to Consider

- Marketability
- Environmental risk
- Chain of title issues
- Appraisal requirements/Donor's charitable deduction
- Carrying costs
- Planned giving structures (Flip CRUT, CGAs and Retained Life Estates)

10/26/2023 © PG Calc 2023 11

11

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Insurance**

Life Insurance

- Charity becomes owner of the policy
- Fully paid up? Or premiums due?
 - GP question: who pays premiums?
- Deduction based on appraised value
- Charity can liquidate for cash
- If loan against policy, IRS will treat as a bargain sale

Commercial Annuities

- No 1035 exchange
- Treated as a cash in even if ownership transferred to charity

10/26/2023 © PG Calc 2023 12

12

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Private Stock**

- Owned by limited number of people: family, investors, employees
- Company approves purchase and sale of shares
- Possible ways to cash:
 - Sell shares to other shareholders
 - Sell shares back to company
 - Initial Public Offering (IPO)
 - Merger or Acquisition

10/26/2023 © PG Calc 2023 13

13

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Private Investment Funds**

- Basic Definition:** Commingled investment vehicles for institutional investors and sophisticated, high net worth individuals
- Investment objectives:** Defined by a range of factors including sector, asset class, geography and time to market

Fund Type	Private Equity	Hedge
Investments	Portfolio Companies	Broad range of sophisticated securities, and derivatives, utilizes leverage to enhance returns
Liquidity/Monetization	Periodic Distributions of income, gain and return of capital by the fund and at fund termination. PE funds have a limited life (10 to 15 years)	Investor must redeem units/interest in hedge fund to realize value. Hedge funds typically are "evergreen"

10/26/2023 © PG Calc 2023 14

14

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Art**

- Keeping or Selling?
- Appraisals

10/26/2023 © PG Calc 2023 15

15

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Crypto-Assets**

- Cryptocurrency vs NFTs
- Gift of Property – Appraisal requirements and Donor’s charitable deduction
- Wallet — Third party or charity-owned
- Know Your Donor diligence and Coin provenance
- Gift policy issues – Liquidation timeline and expectations
- Reporting – Form 8282 and Form 990
- Align gift proceeds with Charity’s expectations

10/26/2023 © PG Calc 2023 16

16


PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **When to Walk Away — Return to Discovery**

- Is the gift “too good to be true?”
- Is the donor willing to provide a “back stop” if gift loses value
- Will donor make an up front additional outright gift to assist with carrying costs, etc.

10/26/2023 © PG Calc 2023 17

17

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Questions?**



Click the Q&A icon at the bottom of your screen.

10/26/2023 © PG Calc 2023 19

18

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS **Still Have a Question?**

Contact: Kara Morin

E-mail: kmorin@pgcalc.com

10/26/2023 © PG Calc 2023 20

19
