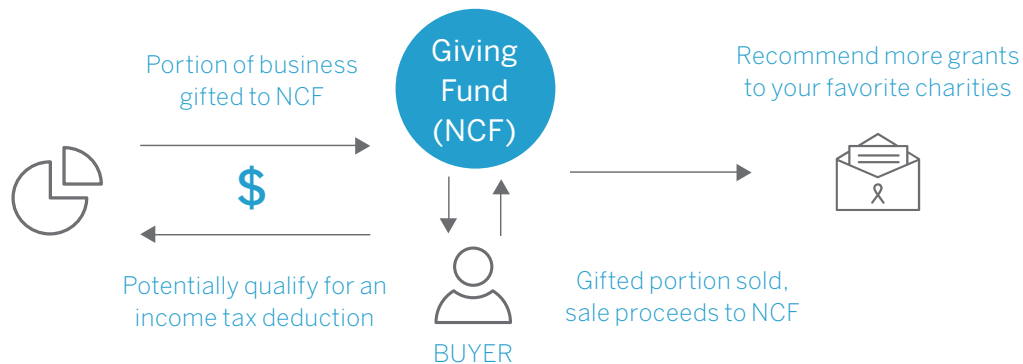


# Maximize your sale to multiply your giving

Helping entrepreneurs maximize charitable impact by giving before the sale

Only a select group of entrepreneurs ever has the opportunity to sell their successful company for a sizeable gain. Many of these business owners have a heart to give charitably, but don't know where to turn for wise counsel in the midst of a liquidity event. Our team at the National Christian Foundation (NCF) has an innovative solution that allows you to donate a non-voting interest in your business to us before the sale, receive a substantial tax deduction, reduce or eliminate capital gains taxes on the gifted interest, and convert those tax dollars into more giving to your favorite charities.



## THE BENEFITS OF GIVING BEFORE THE SALE

- Maximize your liquidity event by preserving the full fair market value of the gifted asset for charitable impact.
- Potentially avoid or reduce capital gains taxes on the gifted portion, moving more dollars to charity.
- Maximize your sale by leveraging the deductions reserved for non-cash assets (up to 30% of AGI).
- Potentially reduce current-year income taxes via a larger charitable deduction, increasing cash flow for more giving.

## THE RESULTS OF GIVING BEFORE THE SALE

This table shows the impact of giving a 20% non-voting interest in a \$5M C-corp (with a \$100,000 cost basis) prior to the sale.

	Family	Taxes	Charity
<b>Sell, then give cash</b>	\$3,172,499	\$1,109,741	\$717,760
<b>Give stock then sell</b>	\$3,291,040	\$708,960	\$1,000,000
<b>Difference</b>	\$118,541	\$400,781	\$282,240

As a result of giving assets vs. cash, **\$282,240** more would go to charity while increasing net cash flow by **\$118,541** for more giving, saving, or investing.

**Learn more or get started today**

Visit us at [ncfgiving.com/houston](http://ncfgiving.com/houston) or call us at 832.255.2026

## QUESTIONS FOR DISCUSSION AND CUSTOM ILLUSTRATION

What type of business entity do you have?  
(LLC, C-Corp, LP, S-Corp, etc.)

What is the nature of this business/asset?

How long have you owned the business?

What would you estimate to be your cost basis?

What would you estimate to be the fair market value?

What amount (\$ or %) would you consider gifting?

Is there any debt associated with the business? If so, how old?

Is there a binding contract of sale on the business?

Do you pay Net Investment Income Tax (NIIT), also known as the Medicare surcharge?

## A CLOSER LOOK AT THE TABLE ON PAGE 1

The table below duplicates the one on the first page of this document, along with various assumptions and explanations of the gift of business interest (C-corp stock) to provide more context. NCF does not provide tax or legal advice. The tables shown are for illustration purposes only and include assumptions on tax rates, business types, and structure which may or may not apply to you, so there is no assurance that the savings depicted can or will be achieved. Consult with your attorney or financial/tax to analyze your particular situation before proceeding.

### Sell, then give cash

Family \$3,172,499	Taxes \$1,109,741	Charity \$717,760
Your family gets \$3,172,499, after paying \$1,411,200 tax on the gain (\$4,900,000 x 28.8%), making a \$717,760 cash gift to charity (\$3,588,800 x 20%), and realizing a \$301,459 tax savings from the gift (\$717,760 x 42%).	You sell the business first, triggering a long-term capital gains tax and NIIT of \$1,411,200. 28.8% (20% federal + 5% state + 3.8% NIIT) x \$4.9M (\$5M sale price - \$100k cost basis) = \$1,411,200. This is offset by a \$301,459 deduction, which leaves \$1,109,741 less in taxes.	Only \$717,760 goes to giving since you're giving from the after-tax proceeds (\$5M FMV - \$1,225,000 capital gains - \$186,200 NIIT = \$3,588,800 x 20% gifted portion).

### Give stock then sell

Family \$3,291,040	Taxes \$708,960	Charity \$1,000,000
Your family benefits from the tax savings (\$420,000) on the larger charitable deduction of the \$1M stock gift (\$1,000,000 x 42%). This offsets \$1,128,960 in taxes. The \$4M in sale proceeds are reduced by net taxes of \$708,960, which leaves \$3,291,040 for your family.	Since NCF (a public charity) owns the asset at the time of sale, no capital gains tax or NIIT are owed on the \$1M gifted portion. So \$5M asset - \$1M gift - \$80k remaining cost basis = personal gain of \$3,920,000 x 28.8% (20% federal + 5% state + 3.8% NIIT) = \$1,128,960 in taxes due, which is offset by the \$420,000 deduction (\$1M X 42%) leaving net taxes of \$708,960.	The full \$1M goes to giving since NCF pays no capital gains tax or NIIT on the gifted portion as a public charity.

As a result of giving assets vs giving cash, **\$282,240** more would go to your favorite charities.

**Learn more or get started today**

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