

# **Creative Charitable Planning with Noncash Assets**

## **A Case Study Approach**

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# Agenda

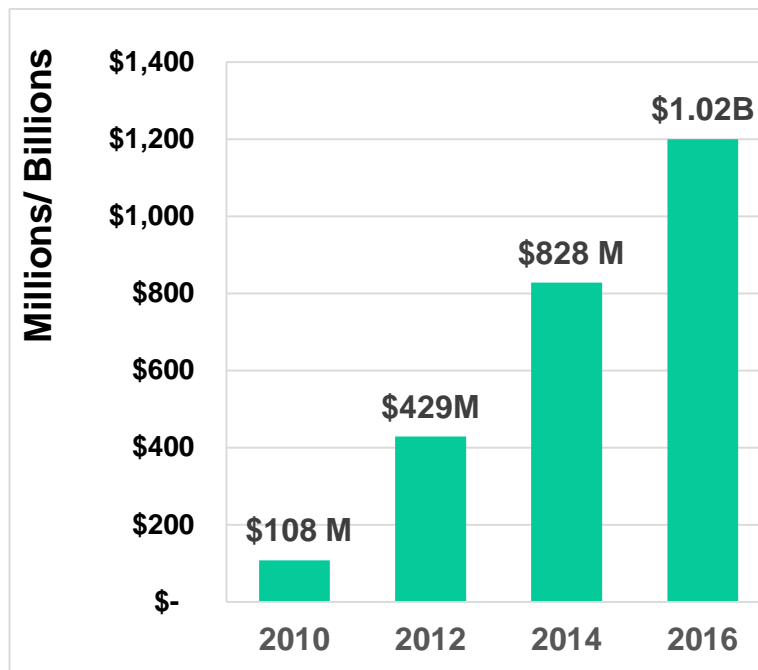
- **Non-Cash Market Overview**
- **Non-Cash Asset Types**
- **A 5-Minute Non-Cash Tax Seminar**
- **Legislative Update**
- **Reasons Non-Cash Assets are Declined**
- **Two Case Studies**

# Non-Cash Asset Market Overview

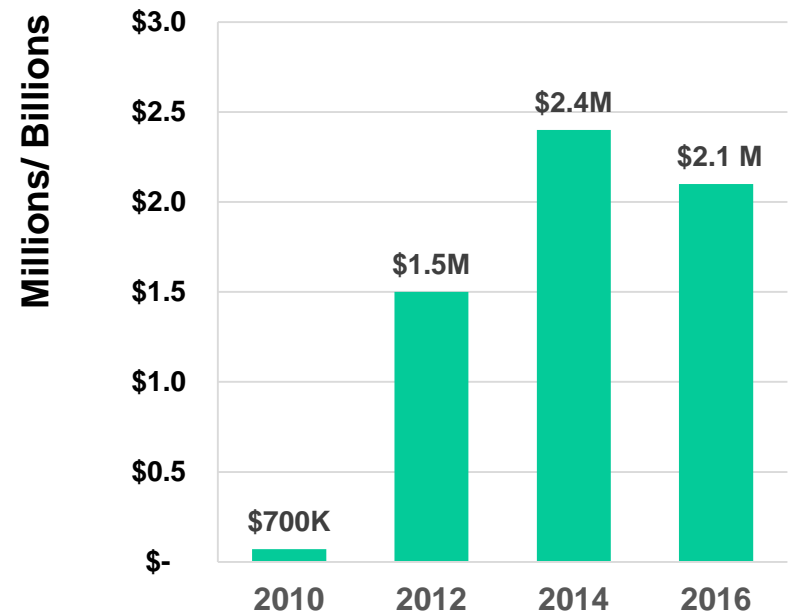
- **More than half of affluent investors' assets are held in non-cash assets; cash only represents 6-8%**
- **Aggregate stock market value is approximately \$26 trillion; non-cash market estimates are \$50-60 trillion**
- **Of the \$390 billion in donations last year, non-cash assets are estimated to be 6-8%**

# Non-cash gifts have more than doubled in contributions and size to only three charities!

## Non-cash gift contributions



## Average value (size) of non-cash gifts



Source: Charitable Solutions, LLC 2018 based on 2016 990 data

# Non-Cash Asset Types

- **Real Estate**
  - Residential vs. Commercial, Encumbered vs. Unencumbered, Partial vs. Entire Interests
- **Privately-Held Interests**
  - C-Corp and S-Corp Stock, Limited Partnerships or LLCs
- **Restricted Stock**
- **Tangible Personal Property – Art/Collectibles (New PPA Rules)**
- **Weird Stuff**
  - Quarterhorse, Seat on New York Mercantile Exchange, Gold Bullion, Euro-Denominated Bond, Beach House in Mexican Land Trust, Paris Condo, UPREIT Partnership Units, Patents, Timber Deeds, Clay Mineral Rights, Book Royalties, Oil & Gas Interests, Hedge Fund Carried Interest, NFL Team, Pile of Dirt, Historic Papers, and finally, Dead Animals

# A 5-Minute Non-Cash Seminar

- Cash **BAD** – Everything else **GOOD!**
- Capital gain property receives a fair market value deduction **AND** an elimination of capital gains tax if donated to a public charity
- If donated to a private foundation, donations of non-cash assets during life only receive an adjusted cost basis deduction
- Public charities do not have a 5% payout requirement – private foundations do
- Donor advised funds are especially attractive for multiple grants—only one acknowledgment letter needed

# Appraisal Considerations

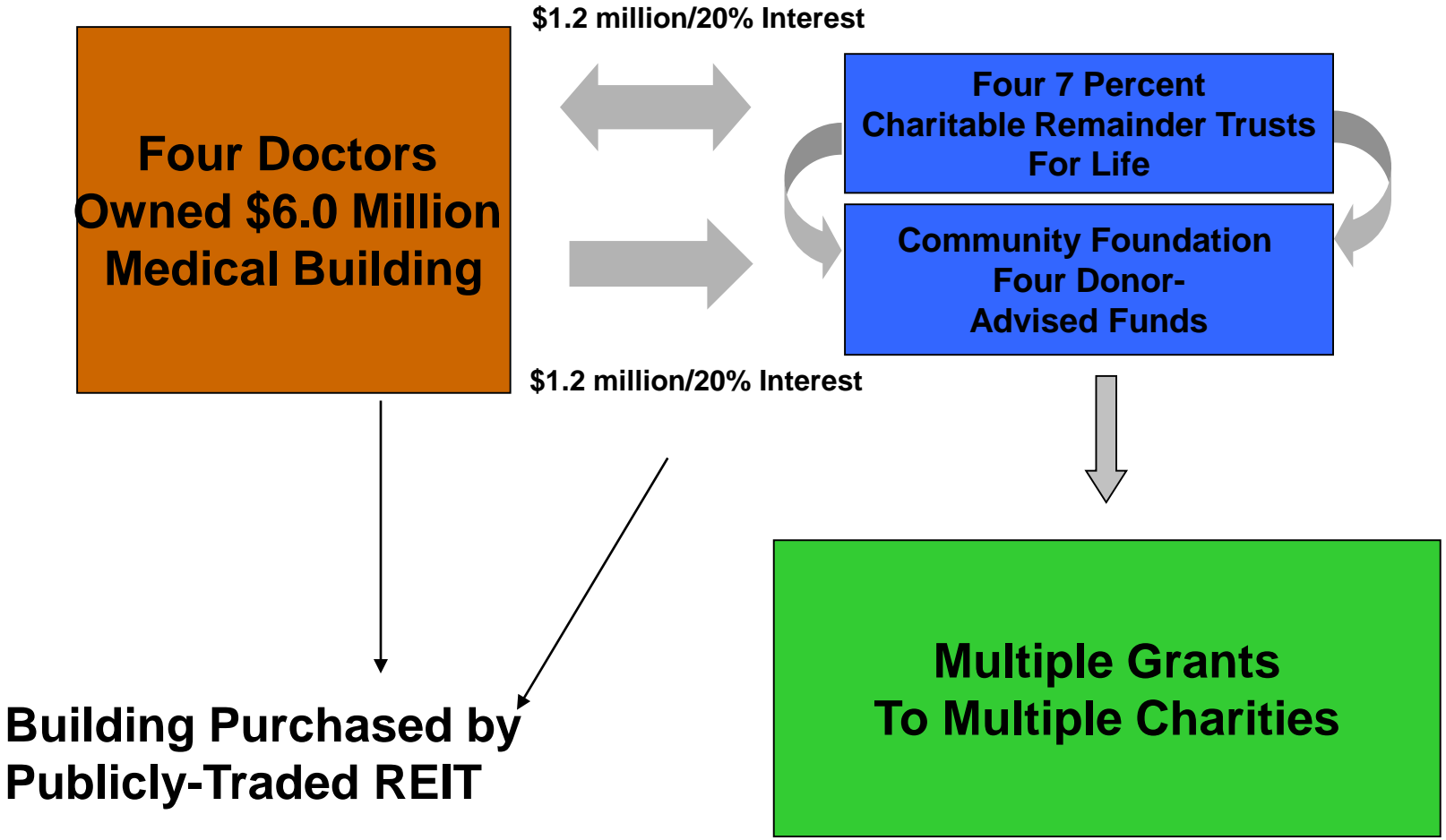
- **Appraisal may occur 60 days prior to gift at the earliest, and the latest being the time the donor files the tax return – Donor completes Form 8283 and Charity completes Form 8282**
- **Pension Protection Act Key Changes**

# 80% Of All Non-Cash Gifts Rejected

- **Tax and Legal Complexity**
- **Environmental Issues**
- **Management Issues**
- **Charity's Internal Process**
- **Perceived/Real Risk/Reward Ratio**



# Case Study #1 Commercial Real Estate Contribution



For illustrative purposes only.

# Case Study #2: S-Corp UBIT Solution/Dechomai Asset Trust Donation Flow

