

RESTRICTED STOCK



The Situation

- An individual has a concentrated and restricted position in company stock and is concerned about protecting against tax exposure in his or her portfolio.
- The individual is philanthropically inclined but doesn't know how he or she wants to give, and doesn't have a long-term charitable plan.
- Some of the charities the individual wants to support do not have the resources or experience to accept or efficiently liquidate restricted stock.

The Considerations

- As a "control person" in the company, the individual is subject to Rule 144 public sale restrictions.
- The individual may be exempt from holding period requirements under Rule 701.
- The individual and recipient charity must gain approval from the company's general counsel to sell or transfer the shares at acceptable times.
- Transferring ownership of the restricted stock directly generally involves required paperwork and filings.
- Contributions of restricted stock to a private foundation are generally deductible at cost basis, compared with fair market value (FMV) deductions for contributions to a public charity with a donor-advised fund program.

The Solutions

- After speaking with a Charitable Planning Specialist or an Advisor, the individual chooses to establish a Giving Account® at Fidelity Charitable®.
- The individual contributes restricted stock to Fidelity Charitable®; Fidelity Charitable is able to "tack onto" the individual's holding period.
- Fidelity Charitable works with the company's general counsel to satisfy the requirements of Rule 144 to remove restrictive legend.
- Fidelity Charitable sells the stock in the market and funds the individual's Giving Account® with the proceeds.
- The individual's deduction is the FMV of the property on the date of the contribution (consult an attorney or tax advisor to determine whether a qualified appraisal is required).

The Benefits

- By contributing the restricted stock to Fidelity Charitable rather than selling the stock and then donating it, the individual eliminates capital gains on the sale of the stock.
- A Giving Account makes it fast and easy to transfer the restricted stock and other non-cash assets to charity.
- The proceeds from the sale of the block of restricted stock can be distributed to multiple charities.
- A Charitable Planning Specialist or the individual's Advisor provides an innovative way for the individual to meet his or her philanthropic goals and minimize his or her tax burden.
- The Giving Account can provide the opportunity to support charities during the individual's lifetime and beyond. Charities potentially receive more support because of the tax benefits realized by contributing restricted stock directly to Fidelity Charitable. Moreover, assets in the Giving Account have the potential to grow over time in Fidelity Charitable investment programs.

**For more information, please call a Charitable Planning Specialist at 800.682.4438
or visit FidelityCharitable.org.**

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