FIDELITY Charitable®

Hidden Potential: Donating Alternatives and Complex Assets

FIDELITY CHARITABLE® PRACTICE MANAGEMENT AND CONSULTING

Agenda

1. Introduction to charitable planning with complex assets
2. Dialogue on alternatives & complex assets
3. Q&A

Introducing Fidelity Charitable®

2024

Largest grantmaker in the United States

352,000
donors

217,000
charitable accounts

213,000
nonprofits

Poll

What do you see as the greatest opportunity for charitable planning in your practice?

- Deepening client relationships
- Tax planning and efficiency
- Multigenerational planning and legacy
- Differentiation from other advisors
- I’m not sure yet

Discussing philanthropy is good for business

Advisors who engage clients in charitable planning have on average:

20%
more growth

1.5x
AUM

Source: 2023-2024 Fidelity financial advisor community - profile survey.

What you can give

Simple assets

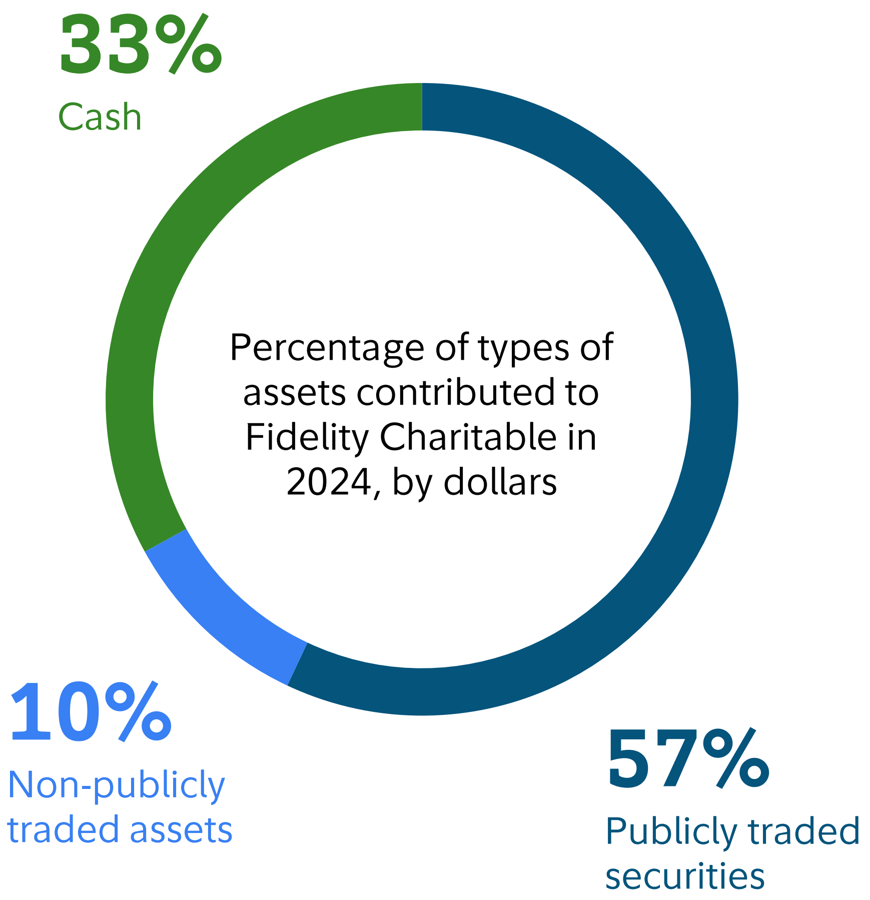
- Cash
- Stocks, bonds, ETFs, mutual funds, and other securities

Alternatives & Complex Assets

- Privately held business interests
- Cryptocurrency
- Restricted stock
- Oil and gas royalties
- Private equity funds
- Hedge fund interests

Potential benefits of donating long-term appreciated assets or complex assets:

- Generally entitled to the full fair market value tax deduction at the time of the gift
- Potentially reduce or eliminate capital gains taxes
- Give more by donating directly rather than liquidating or before there is a prearrangement to sell a business



Poll

In the last three years, how many times have you guided a client through a donation of a non-publicly traded asset?

- Three or more times
- One or two times
- Never

Impact of contributing complex assets

Example

- S-corp founder planning a $20 million sale, facing large capital gains, and wants to give to a domestic violence shelter

Strategy

- Donate $2 million worth of shares pre-sale to a donor-advised fund sponsor

Potential Benefits

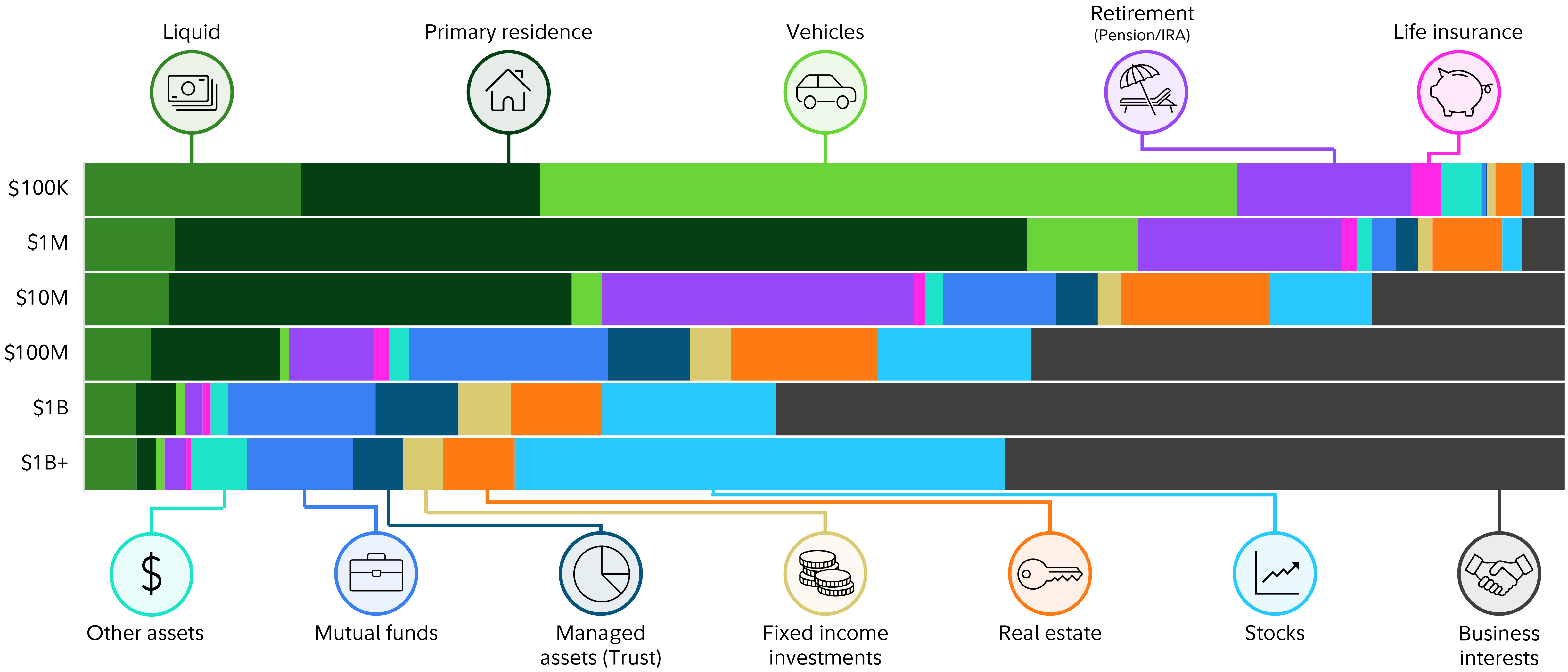
- Maximize charitable support
- Eliminate capital gains tax on donated shares
- Receive fair market value deduction (up to 30% of AGI)
- Able to grant more now—and later—with potential investment growth

The impact

Action	Sell & donate	Donate directly
Value of donated shares	$2,000,000	$2,000,000
Capital gains tax paid	$476,000	$0
Amount to charity	$1,524,000	$2,000,000

What Assets Make Up Wealth?

2022 Survey of Consumer Finances Data



Source: Federal Reserve Survey of Consumer Finances (2022)

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Why donate complex assets?

Assets often have a low-cost basis, making them more efficient to donate

Receive a fair market value tax deduction

Potentially minimize capital gains

Today’s speakers

Scott Sayre

Advanced Wealth Strategist, Partner

EP Wealth Advisors

George “Zeke” James

Head of Advisor Acquisition & Development

Fidelity Charitable

Anand Sekhar

Head of Segment Marketing

Fidelity Charitable

Shannon Sullivan

Director, Complex Assets

Fidelity Charitable

Considerations for donating alternatives and complex assets

Key diligence points for the charity

Transferability

Valuation

Liquidity & Timing

Risk Management

Appraisal requirements

Need a “qualified independent appraisal” if over $10,000

- Accredited by a national appraisal organization
- Regularly receives compensation for performing valuations
- Has met certain education and experience requirements
- Cannot be a party to the transaction

Appraisal “as of” the date of the contribution

- Only information “known or knowable” on or before the effective date can be considered in determining value
- Discounts as possible for lack of marketability and lack of control
- Factors affecting discounts include the existing market, imminent sale of the company, put option, voting rights, etc.

Appraisal must me made no earlier than 60 days prior to the gift up until the taxpayer’s filing deadline, with extensions.

Case studies on complex asset contributions

Poll

What is the biggest barrier for you in helping clients donate alternative or complex assets?

- Lack of familiarity with the process and potential opportunities
- Concerns about legal or tax complexity
- Difficulty identifying appropriate client situations
- Lack of support or resources to execute
- My clients haven't asked about it

Questions?

Disclosures

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