



# Imagine a smarter way to give to charity using appreciated company stock

When you give, you want your charitable contributions to do the most they can—for your charities and for you. A Giving Account<sup>®</sup>, the donor-advised fund at Fidelity Charitable<sup>®</sup>, provides a simplified approach to supporting charities while maximizing your charitable contributions and tax benefits—an approach that can transform the way you give.

## By establishing a Giving Account<sup>®</sup>, you can take advantage of a solution that:







- Enables you to support multiple charities, at virtually any time, with a single contribution
- Allows you to take an immediate tax deduction for your contributions—separating the timing of your tax deduction from your charitable support
- Makes it possible for you to contribute stocks, mutual funds, or non-publicly traded assets, such as restricted stock, stock resulting from exercise/vesting of options or RSU that has reached its long term holding period,<sup>1</sup> which other charities may not be able to accept
- Provides an array of investment options, including a program that enables donors to recommend qualified investment advisors to manage charitable assets held in a Giving Account at Fidelity Charitable
- Streamlines your recordkeeping and consolidates tax receipts, all in one online location
- Can be a valuable estate planning tool to support your legacy goals

## How it works



The chart below provides a snapshot of the charitable opportunities for equity compensation awards:

## Charitable Opportunities for Equity Compensation Awards

|   | Participant Tax Treatment Upon Exercise/Vesting  | Charitable Opportunity   | Income Tax Deduction  |
|---|--|--|---|
| <b>Vested Restricted Stock Awards (RSAs) &amp; Restricted Stock Units (RSUs) held &gt;1 year*</b> | Ordinary income on difference between fair market value (FMV) at vesting and amount paid for such stock (if any)   |  <b>Ideal</b><br>Elimination of capital gain recognition on difference between FMV at vesting and FMV at date of gift   | FMV<br>Up to 30% of Adjusted Gross Income (AGI) with a 5 year carryforward  |
| <b>Stock received upon NSO exercise held &gt;1 year</b>   | Ordinary income on difference between exercise price and FMV at exercise   |  <b>Ideal</b><br>Elimination of capital gain recognition on difference between FMV at exercise and FMV at date of gift  | FMV if held for > 1 year of exercise<br>Up to 30% AGI with 5 year carryforward                                    |
| <b>Stock received upon ISO exercise</b>   | No ordinary income if held > 1 year of exercise + 2 years of grant (Although spread between FMV of stock upon exercise and exercise price is an Alternative Minimum Tax (AMT) preference item and included in participant's AMT calculation). The sale price, less the exercise price, is taxed as long-term capital gain. |  <b>Good</b><br>If holding periods are met, elimination of capital gains on difference between FMV at exercise and FMV on date of gift (Potential AMT concerns: participant loses the benefit of higher AMT basis and AMT preference may be lost) | FMV if held for > 1 year of exercise + 2 years from grant<br>Up to 30% AGI with 5 year carryforward               |
| <b>Vested RSAs held &lt;1 year</b>  | Ordinary income on difference between FMV at vesting and amount paid for such stock (if any)   |  <b>Neutral</b><br>No advantage over donating after sales proceeds  | Lesser of cost basis (market value of stock received at vesting) or FMV<br>Up to 50% AGI with 5 year carryforward |
| <b>Unvested RSUs</b>  | Ordinary income at vesting unless plan provides for deferral upon predetermined delivery date  |  <b>None</b>  | N/A<br>Unvested RSUs are not transferrable  |
| <b>ISOs</b>   | No ordinary income if held > 1 year of exercise + 2 years from grant (although spread between FMV of stock upon exercise price is an Alternative Minimum Tax (AMT) preference item and included in participant's AMT calculation). The sale price, less the exercise price, is taxed as long-term capital gain.            |  <b>None</b>  | N/A<br>Non-transferrable during participant's lifetime  |
| <b>NSOs</b>   | Ordinary income on difference between exercise price and FMV at exercise   |  <b>None</b><br>Donor recognizes ordinary income upon exercise by charity   | Generally, company plans to do not permit the transfer of NSOs to charity   |

\* Stock acquired upon the vesting of an RSA/RSU

Learn more about how a Giving Account can help simplify your giving.

Call a Charitable Planning Specialist at **800-682-4438** or visit [FidelityCharitable.org](https://FidelityCharitable.org).