



FIDELITY Charitable®
Make more of a difference

Share the Success You've Enjoyed

Kathy, a successful entrepreneur, was thinking about selling her garden center business to pursue other ventures. Her plan was to donate a portion of the proceeds to her alma mater – which she credited with giving her a strong start all those years ago. A couple of firms had shown interest in buying Kathy's C-Corp, but the deal wasn't complete and terms were still being negotiated.



Potential benefits of giving an interest in a company directly to Fidelity Charitable®

- Provide more money to charities
- Minimize capital gains tax exposure
- Take a tax deduction

Maximize Your Charitable Giving

Kathy knew that because she'd built her business from basically nothing over the course of her career, she'd be facing a large capital gains tax when the sale was complete.

Her financial advisor suggested that instead of selling the business and donating a portion of the proceeds, she should contribute a 20% minority stake in the business directly to Fidelity Charitable® – helping to lessen her capital gains exposure and claim a higher tax deduction. This strategy would also allow Kathy to recommend a larger grant from her donor-advised fund than she could have made had she only donated the after-tax proceeds from the sale of her business.

Reach Rewarding Results

Kathy took the advice. As a result, she was able to reduce her tax obligation by \$132,899 – and make a larger grant recommendation to her alma mater.



Kathy reduced her tax obligation by:
\$132,899

Additional amount dedicated to charity:
\$95,200

Supporting Charities is Flexible and Easy

In addition to minimizing her capital gains exposure and claiming a significant tax deduction, Kathy was able to make a very generous grant recommendation to her school. But she also noticed another perk: the power of having a ready reserve to draw from for her charitable giving. When a natural disaster struck in the state where she lives, Kathy was inspired to help – as quickly as possible. By using her Giving Account, she was able to do just that.



Sound Like the Right Opportunity?

If a donation scenario like Kathy's sounds like it could fit your personal situation, know that Fidelity Charitable has the experience and technical expertise to help. Fidelity Charitable can:



Simplify the process of contributing highly appreciated non-publicly traded assets



Help you realize the most favorable tax consequences with the greatest charitable impact



Guide the entire asset transfer process



Work with you and your advisors to prepare and plan for contributions of these assets in advance of a liquidity event

**To learn more, please contact your financial advisor
or Fidelity Charitable at 800-952-4438.**

Information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice. Content provided relates to taxation at the federal level only. Availability of certain federal income tax deductions may depend on whether you itemize deductions. Rules and regulations regarding tax deductions for charitable giving vary at the state level, and laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy, or completeness of the information provided. Charitable contributions of capital gain property held for more than one year are usually deductible at fair market value. Deductions for capital gain property held for one year or less are usually limited to cost basis. Consult an attorney or tax advisor regarding your specific legal or tax situation.

By The Numbers

Selling Kathy's Business Versus Donating



Value of Kathy's business
\$2,000,000

Value of minority stake donated.....\$400,000
Kathy's federal long-term capital gains rate¹.....23.8%

Kathy sells her business and donates the proceeds



Kathy contributes a portion of the business directly to Fidelity Charitable

Fair market of stake in business..... \$400,000
Long term capital gains tax paid..... \$95,200
Charitable contribution / your charitable deduction..... \$304,800

Fair market of stake in business..... \$400,000
Long term capital gains tax paid..... \$0
Charitable contribution / your charitable deduction..... \$400,000

Kathy reduced her tax obligation by²:
\$132,899

Additional amount dedicated to charity:
\$95,200

¹ This assumes all realized gains are subject to the maximum federal long-term capital gain tax rate of 20% and the Medicare surtax of 3.8%.

² Assumes no unrelated business taxable income (UBIT) and top ordinary income tax rate of 39.6% for valuing charitable deduction. Total Donor Tax Savings reflects the federal income tax deduction less any long-term capital gains tax paid. It does not account for any state and local taxes, alternative minimum tax, or limitations to itemized deductions that may be applicable to tax payers in higher federal income tax brackets.

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