PERPETUAL IMPACT

THE CHICAGO COMMUNITY TRUST

EQUITY • OPPORTUNITY • PROSPERITY

KNOW YOUR OPTIONS

CLOSELY HELD BUSINESS INTERESTS

UNLOCK TAX AND OTHER BENEFITS OF **GIVING BUSINESS INTERESTS TO CHARITY**

Making gifts of assets rather than income is a tax-efficient way for donors to meet charitable goals.

Rather than selling or having the company redeem your private stock or limited liability company interests, consider donating a portion of them to The Chicago Community Trust to support the Trust or other charities you care about. Donors who contribute a portion of their interests can eliminate or reduce taxes, receive an immediate charitable deduction and fund their charitable goals.

KEY TAKEAWAYS

PRIVATE STOCK, LLC INTERESTS, AND OTHER BUSINESS INTERESTS may be used to make charitable gifts

ELIMINATE OR REDUCE CAPITAL GAINS TAX and receive income in some cases

QUALIFIED APPRAISALS are always needed

BENEFITS OF MAKING A GIFT OF **BUSINESS INTERESTS**

Gifts of a portion of privately held business interests, such as stock and LLC interests, to The Chicago Community Trust can provide you with many potential benefits including:

- Eliminating or reducing taxes you would incur had you sold the property or had the company redeemed them
- Being eligible for an income or estate tax charitable deduction
- Receiving a stream of income
- Diversifying your portfolio
- Benefitting your favorite charitable causes now or in the future

Eligible interests include stock, options, warrants and other interests in closely held "C" corporations; stock in "S" corporations; limited partnership interests and limited liability company (LLC) units; private equity and hedge fund interests; and similar assets.

As with other illiquid assets, the Trust accepts gifts of business interests on a case-by-case basis. Some of the factors we consider include the value of the interests, our holding period, and the amount of debt, if any, at the entity level. To help us determine value and risk, we request an appraisal and the company's governing and financial documents. Our policy is to sell all gifts as soon as possible.

EXAMPLE

CLOSELY HELD BUSINESS

For 15 years, Judy and Steven have owned a closely held company that makes antennas for cell towers. They would like to retire and spend more time travelling and with their grandchildren. During the past three years, they have received several unsolicited offers to sell their company. However, accepting an offer would result in a significant tax liability.

Judy and Steven's professional advisor recommends donating a portion of the company's shares to the Trust to reduce the amount of capital gains taxes paid and provide Judy and Steven with an income tax charitable deduction. They have a few charities they wish to support and would like to learn more about other charities doing similar work in Chicago.

Judy and Steven create a donor advised fund at the Trust and fund it with some of the shares of their company. As a way to teach their grandchildren about the importance of giving back, they name their grandchildren as successor advisors to their fund.

Within a year, Judy and Steven receive a generous offer. Their shares and the Trust shares are exchanged for cash. Now, Judy and Steven have money that they can distribute to their favorite causes over time and can spend more time doing the things they enjoy.

Your advisors are welcome to join you in a no-obligation conversation with us. Let the Trust assist you in crafting your philanthropic legacy.

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