

Donor-Advised Funds

Understanding Complex Gifts

What is a Complex Gift?

In philanthropy, a “complex gift” involves donating intricate assets or structures beyond simple cash donations. These require planning, legal considerations, and expertise. Examples include:

- **Real Estate:** Involves appraisals, environmental assessments, and title transfers
- **Securities:** Stocks, bonds, or mutual funds with capital gains tax implications
- **Business Interests:** Contributions of closely held business interests or partnership shares
- **Planned Gifts:** Bequests, charitable remainder trusts, and charitable lead trusts, involving estate planning and potential income for donors or beneficiaries
- **Intellectual Property:** Donations of patents, copyrights, or trademarks
- **Art and Collectibles:** Valuables requiring valuation and proper tax handling
- **Cryptocurrency:** Digital currencies with evolving regulatory and tax considerations

Managing these gifts requires collaboration among donors, recipient organizations, and financial or legal advisors to ensure maximum impact and legal compliance.

Complex Gifting Process

Due Diligence

When you choose to make a complex gift, our team and the donor-advised fund staff will perform a due diligence review to fully understand the nature of the asset you wish to give, help navigate legal requirements, and to identify any ownership liabilities.

Working with the team, you will:

- Provide additional documents, if needed
- Discuss timing and subtleties of your gift
- Discuss costs and fees
- Open a donor-advised fund

Completing Your Gift

You will sign documents to legally transfer ownership of the asset. These documents may include:

- A gift offer letter summarizing your gift
- A gift agreement formalizing terms
- Any consents required by the asset's governance documents
- All ownership transfer documents (deeds, assignments, stock certificates, etc.)

Securing Your Deduction

You will work with our team, the donor-advised fund staff, and a qualified appraiser when preparing your tax documents. They will include:

- A "qualified appraisal" as defined by IRS regulation
- A completed Form 8283 signed by your appraiser and then by our team

Complex Gifting Process

Gift Management

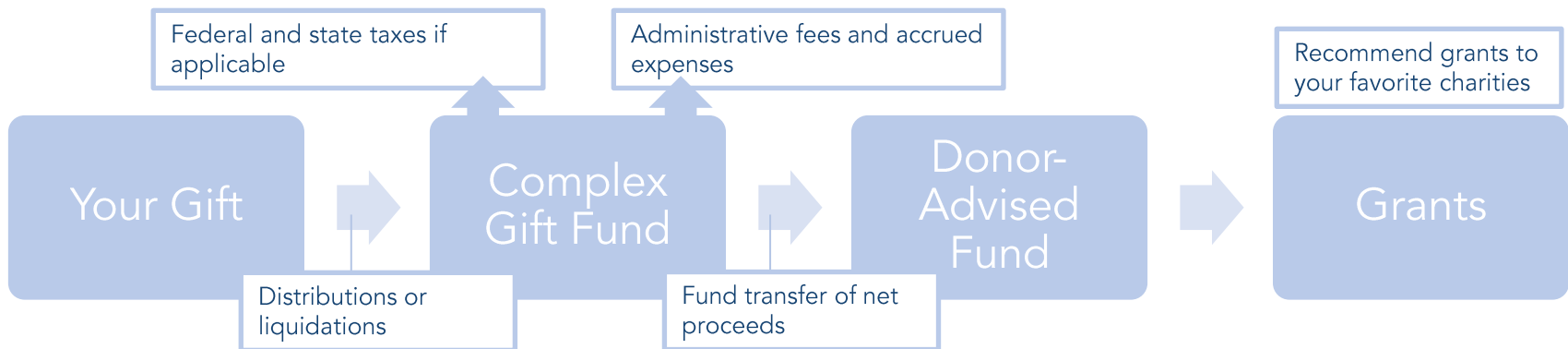
As an owner, the donor-advised fund will need the same disclosures and documentation provided to other owners in the normal course of business:

- Annual federal and state tax forms
- Annual financial statements
- Timely updates to governance documentation
- Updated confirmation of ownership percentage

Funds Flow: Distributions, Taxes, and Withholdings

As an owner, the donor-advised fund will:

- Need to receive ownership distributions
- Work with your tax experts to estimate our potential tax liability
- Withhold a portion of the distributed funds for taxes, costs, and fees
- Transfer remaining proceeds into your donor-advised fund
- Note: To the extent that distributions do not cover carrying costs, other options will be explored to cover those costs.



Complex Gifting Process

Notification of Sale

When it is time to sell the gifted asset, please notify our team as early as possible. We will work with the donor-advised fund staff to:

- Prepare you for any requirements your charity may have
- Review purchase inquiry documents to prepare for a potential sale transaction
- Assess sale terms to ensure compliance with charitable tax and legal requirements

Closing / Post Sale

During and after closing, our team and the donor-advised fund staff will:

- Execute sale documents
- Review fully executed documents to ensure charitable proceeds are handled properly
- Evaluate sales documents to estimate post-sale liabilities, including taxes

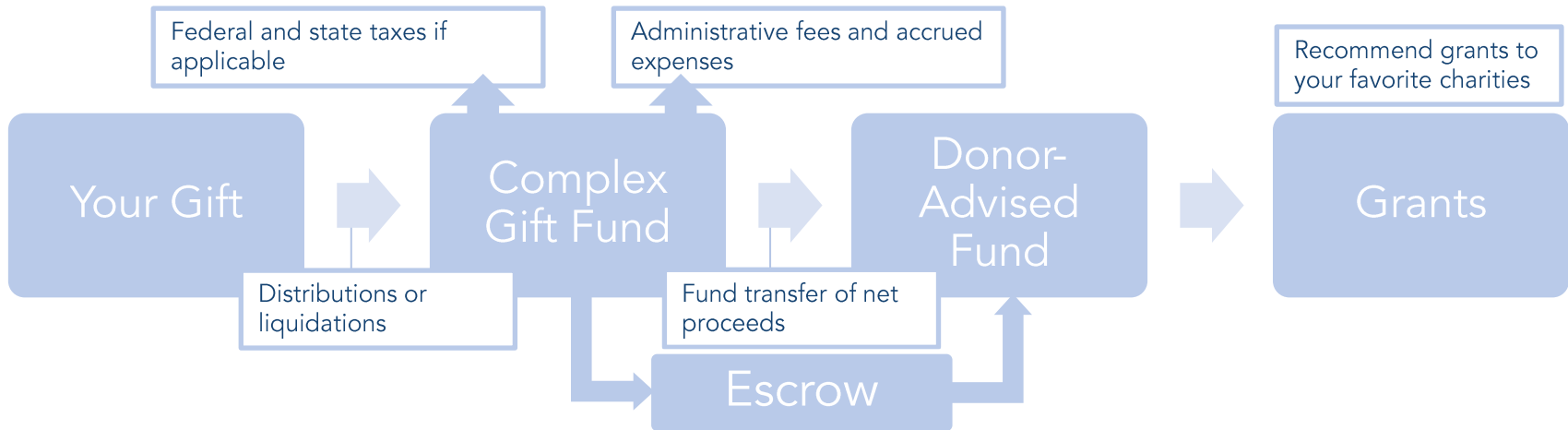
Complex Gifting Process

Pre-Sale Document Review

Each sale is unique. As such, a review of pre-sale documents is needed to ensure the donor-advised fund can execute its portion of the of the sale correctly and minimize post-sale liabilities.

Distribution of Proceeds

As post-sale distributions are released, the net proceeds will be placed in your donor-advised fund less any escrowed proceeds to cover potential post-sale liabilities.



Careful consideration must be given to all steps of these processes. Please consult with your own tax professionals before implementing these strategies.

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