



## **PHILANTHROPIC SOLUTIONS: GIFT OF CLOSELY HELD STOCK**

The St. Croix Valley Foundation offers simple giving solutions that are tailored to your values, goals and personal financial circumstances. Your gifts can include bequests, cash, stock, real estate, life insurance, charitable remainder trust or charitable lead trusts with maximum tax advantages based on when and how you make your gifts. You have the flexibility to give to a wide variety of charities and the freedom to change charities should your interests change. You can also decide when and how to make your gifts in order to take full advantage of tax benefits.

While all charitable gifts contribute to a common good, most gifts to the Foundation provide the added value of providing support to charities far into the future. Gifts to the Foundation are carefully invested to generate a permanent source of income to charitable causes. This approach ultimately increases the value of every dollar given. Here is a simple example of the power of endowment:

### **WHAT IS A CLOSELY HELD CORPORATION /CLOSELY HELD STOCK?**

A closely held corporation is a company whose common shares are owned by one individual owner or by a small group of controlling stockholders, in contrast to widely held stock in which thousands or even millions of different investors may own shares in a large company. Closely held stock is typically not publicly traded on exchanges because the small number of owners rarely sell their shares. A common way that a closely held stock is created is when an entrepreneur starts and incorporates his or her own business but retains ownership of all the company's outstanding shares.

Alternatively, a family-owned company may allow employees to own shares as part of the compensation package. When the employee wants to sell the shares, the company will buy them back. Often, the company has an agreement with a local bank trust department. The employee, through the bank, will sell the stock back to the company.

### **TARGET AUDIENCE**

- Current or retired employees of a closely held company
- Employees who have been with the company many years
- Individuals who want to help nonprofit organizations or causes through the use of assets rather than income

### **TAX AND FINANCIAL BENEFITS FOR YOUR CLIENTS**

Appreciated stocks, bonds and other securities can be very attractive vehicles for charitable gifts.

- Capital gains taxes are avoided by gifting appreciated securities directly to the St. Croix Valley Foundation.
- Your charitable deduction is based on the fair market value of the stock on the date of the transfer.
- Gifts of qualified assets are deductible up to 30% of your adjusted gross income. Any unused deductions may be carried over for up to five years.
- A one-time gift to the Foundation can be used to distribute grants to multiple organizations over time.

To learn more and find out about your options, please contact Jane Hetland Stevenson, President of SCVF. via email at [jstevenson@scvfoundation.org](mailto:jstevenson@scvfoundation.org) or by calling 715-386-9490.

## **HOW IT WORKS**

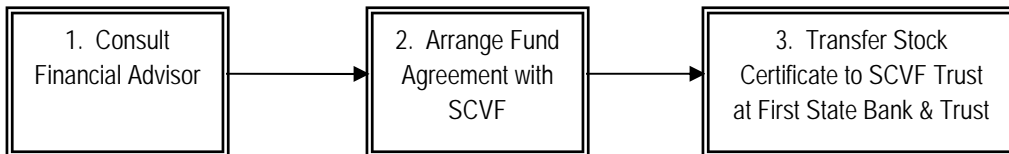
- First consult with your professional advisor – attorney, tax advisor, financial planner, etc.
- Establish a fund at the St. Croix Valley Foundation
- Arrange with your bank’s trust department, or with the First State Bank and Trust in Bayport, for the transfer of your stock to the St. Croix Valley Foundation.
- The trust department will sell the stock back to the corporation and use the proceeds to fund your Donor Advised Fund at the Foundation.
- Grants can then be made from the fund each year to nonprofit organizations, projects and causes.

### **ONE DONOR’S STORY**

Bill and Nicole Peavey have been married 50 years. Ten years ago Bill retired after 30 years with from Apex Technology Corporation where he was Regional Sales Manager for the Upper Midwest. Apex Technology is a closely held corporation and has done very well over the years. Employees at Apex are known to be among the highest paid work force in the metropolitan area, and are awarded company stock every year as a bonus.

Bill’s and Nicole’s three children are all through college and graduate school and doing well, raising young families of their own. Bill and Nicole each give annually to their alma maters and their church. They also like to help out with local food pantries, Habitat for Humanity and they support an orphanage in Mexico. They have taken care of their children in their estate plans and have funded their grandchildren’s college education. Now they’re ready to simplify their philanthropy and have decided to sell some highly appreciated but closely held stock of AT Corporation in order to set up a Donor Advised Fund.

#### **3 Stockholder Actions**



#### **3 Final Steps**

