

Private Equity

Have you always wanted to make a generous gift to give back to your community? Would you be concerned about the financial implications of an outright gift of cash? Do you have certain assets earmarked to be passed along to your children or grandchildren? Have you invested in private equity interests? Would you be comfortable with utilizing creative strategies in order to make the most out of your charitable giving?

If you answered “yes” to any of these questions, then a charitable gift of private equity interests may be right for you.

Because private equity interests are illiquid and not traded publicly, they are considered to be complex assets, which require careful planning but prove to be highly beneficial to both nonprofits and donors.

Depending on the size and complexity of the private equity fund, it may be possible to donate a private equity interests directly to a donor-advised fund, which would provide maximum benefits to the nonprofit and to the donor.

By establishing a donor-advised fund with the Community Foundation and transferring private equity interests into the fund, the donor receives an immediate tax benefit with time to make thoughtful, strategic giving decisions.

Individuals may contribute the following to the Community Foundation:

- Ownership interest in a private equity firm
- Interest in a fund operated by a private equity firm
- Stock from a specific portfolio investment
- Interests in co-invest vehicles or special purpose vehicles

One major benefit of private equity gifts is that they can be executed in a variety of ways to address charitable and financial goals of donors.



General benefits of donating private equity interests

- Charitable gifts of private equity interests can allow donors to make very significant contributions at a relatively low cost, especially if the asset has appreciated significantly over time.
- Donors of private equity interests are eligible for an immediate income tax deduction and can potentially eliminate capital gains taxes on the distribution, transfer, or sale of the interests.
- Donations of private equity qualify income tax deductions equal to the full fair market value of the asset, as determined by a qualified appraisal at the time of the gift.





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Benefits of contributing private equity assets to a donor-advised fund:

- Donors are eligible for an immediate income tax deduction upon donating gifts of private equity interests, but they can elect to space out grants from the fund over time.
- Donor-advised funds allow individuals and families to make long-term contributions of private equity to the nonprofits and causes that they care about the most.
- Donors interested in making investment recommendations can work with the Community Foundation.
- When donors make a single gift of private equity interests to a donor-advised fund with the Community Foundation, they can diversify their charitable giving by making multiple grant recommendations to as many nonprofits as they would like.

Donating private equity interests to the Community Foundation is a creative way to make the most out of charitable giving. As complex assets, gifts of private equity interests require careful consideration and planning in order to be executed effectively. When properly structured, they can provide significant tax savings for donors, as they avoid the tax bill that would incur upon a sale of the interests. As illiquid assets, donors of private equity interests are also eligible for charitable deductions equal to the full fair market value of the donated interests, equal to up to 30% of adjusted gross income, with unused deductions carrying forward for up to five years. Most importantly, as donors can often make much larger gifts than expected with private equity, gifts can provide amazing benefits to charity for years to come, and in the case of donor-advised funds, to the organizations and causes that donors care about most.

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ABOUT US

The Community Foundation for Greater Atlanta inspires and leads the Atlanta region toward equity and shared prosperity for all who call it home. TogetherATL is the Foundation's strategic ethos, working through a collaborative approach with community stakeholders, donors, nonprofits and others to examine complex challenges the region faces and create solutions that build a thriving region.

INTERESTED IN A CHARITABLE GIFT OF PRIVATE EQUITY?

For more information, please visit cfgreateratlanta.org or call 404.688.5525 and ask to speak with a member of our philanthropy team.