



National Christian
FOUNDATION[®] Heartland

Charitable planning with business interests

Matt Farmer
President, National Christian Foundation Heartland

1



National Christian
FOUNDATION[®] Heartland

The Home Team

2



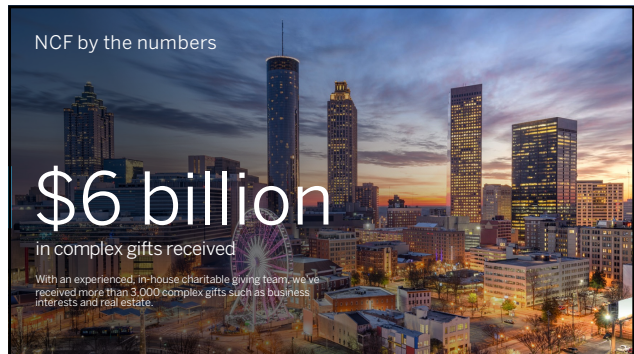
NCF by the numbers

\$18+ billion

In grants to charities since 1982

With hearts set on getting money to charities fast, the NCF community of givers has one of the highest grantmaking rates of all donor-advised fund providers.

3



NCF by the numbers

\$6 billion

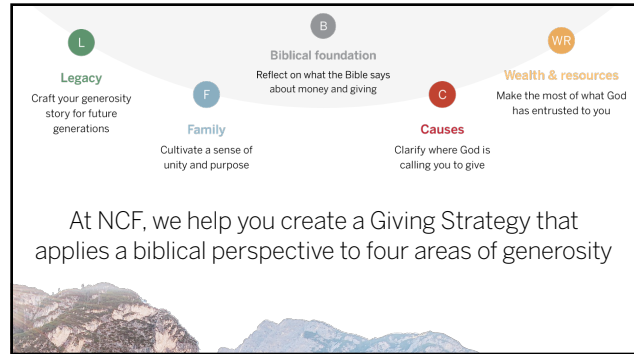
in complex gifts received

With an experienced, in-house charitable giving team, we've received more than 3,000 complex gifts such as business interests and real estate.

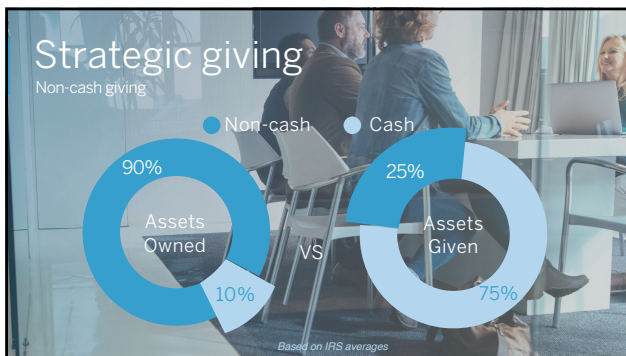
4



5



6

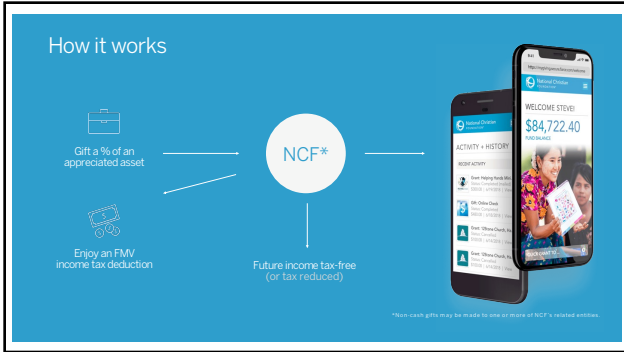


7

The asset-based giving opportunity

- Publicly-traded securities
- Closely-held businesses
- Real estate investments
- Intellectual property
- Oil, gas & mineral rights
- Promissory notes
- And more ...

8

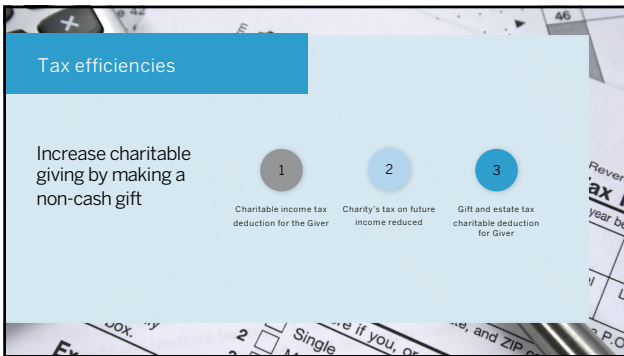


9

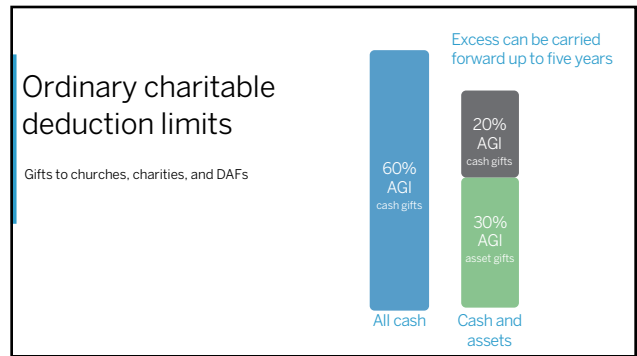
What to listen for ...

- I'd like to give more, but ...
- I'm selling my business.
- I'm transitioning my business.

10



11



12

What to listen for ...

- I'd like to give more, but ...
- I'm selling my business.
- I'm transitioning my business.

13

Case study 1

S-Corporation

Implementing business succession plan

14

S-Corporation

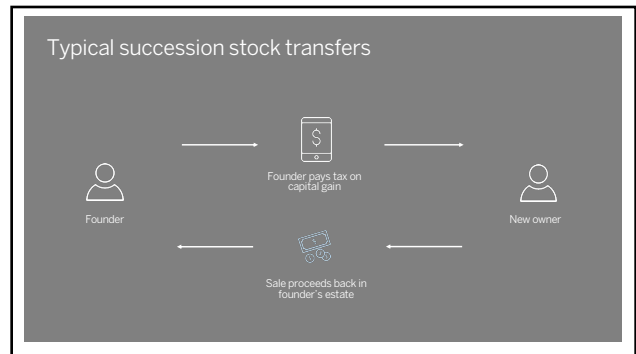
- Sale - \$9M stock sale
- FMV - \$8.1M after valuation discount
- Basis - \$0M
- Gift - 20%

Giver tax rates
 Ordinary income (fed/state) - 37%
 Capital gain (fed/state) - 20%
 NIIT - 0%

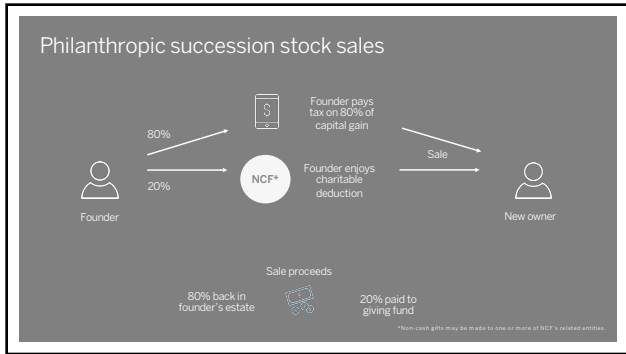
CLIVE L.
 Founder/President, Aslan, Inc.

"After 25 years of running my company, it is time to begin transitioning ownership to our children."

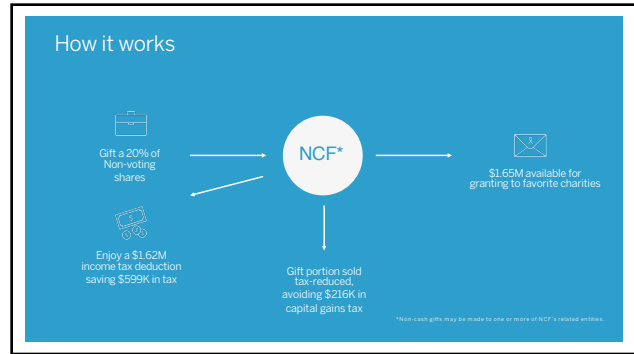
15



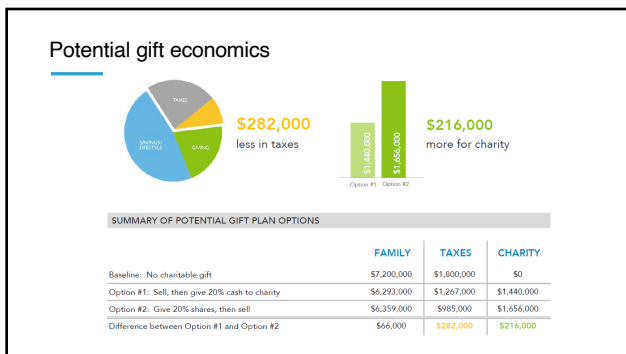
16



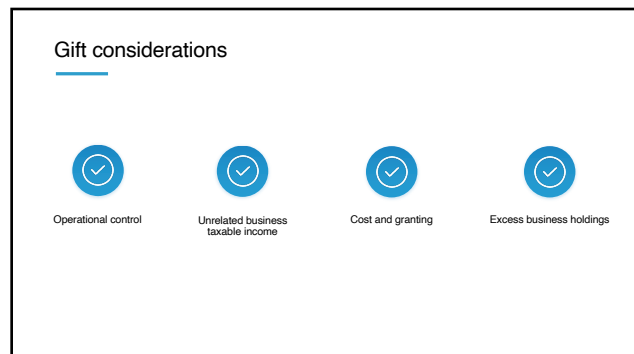
17



18



19



20


Case study 2

Commercial real estate

21

Real estate, LLC

Electing partnership tax status



John P.
Owner, DG Properties, LLC.

- FMV - \$10M commercial office building
- Basis - \$1M
- Income - \$300K
- Debt - \$0
- Gift - 50%

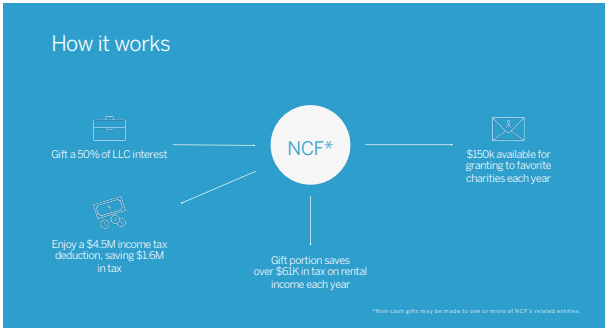
“We own multiple commercial office buildings, and we pay taxes on income we don’t need to fund our cost of living. We’d like to give more, but our CPA says we are giving away all that we can deduct.”

Give tax rates

- Ordinary income (fed) - 37%
- Capital gain (fed) - 20%
- NIIT - 3.8%

22

How it works



Gift a 50% of LLC interest

NCF*

Enjoy a \$4.5M income tax deduction, saving \$1.6M in tax

Gift portion saves over \$61K in tax on rental income each year

\$150k available for granting to favorite charities each year

*Non-cash gift may be made to one or more of NCF's related entities.

23

Potential gift economics

Tax savings on charity's annual income

Year	Giver's prior taxable income from business, without gifts	Taxable income now allocated to charity's 50% ownership	If Giver had been taxed at rate of 40.8%	Charity's tax 0%	Potential tax savings on charity income for additional granting
1	\$300,000	\$150,000	\$61,200	\$0	\$61,200
2	\$315,000	\$157,500	\$64,300	\$0	\$64,300
3	\$330,800	\$165,400	\$67,500	\$0	\$67,500
4	\$347,300	\$173,700	\$70,900	\$0	\$70,900
5	\$364,700	\$182,400	\$74,400	\$0	\$74,400
		\$829,000			\$338,300

24

Gift considerations

- Environmental assessment
- Property management/excess benefit transaction
- Debt

25

Three implications of debt

- 1 Reduction of the giver's charitable deduction
- 2 Income recognition to the giver
- 3 Possible taxes to charity depending on the age of the debt (UDFI)

26

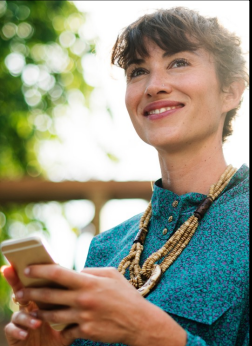
Rule of thumb with debt

Yes	0-40% debt to value
Maybe	40-60% debt to value
No	60% debt to value

27

How givers benefit from a local office

- Giving strategy
- Strategic fund reviews
- Community events
- Local communication



28




How advisors benefit from a local office

- Complex Gift Support
- Advisor events
- Succession planning
- Local communication

29

How ministries benefit from a local office



- Complex Gift support
- Ministry specific events
- Local communication

30



National Christian FOUNDATION Lancaster

Q&A Discussion

31



National Christian FOUNDATION[®] Heartland



Matt Farmer
 President
 o 913.281.6975
 c 719.330.2439
 mfarmer@nctgiving.com

32



© 2024, National Christian Charitable Foundation, Inc.

NOTE: This information is designed to provide accurate and authoritative information in regard to the subject matters covered. It is published with the understanding that the speakers are not engaged in rendering legal, accounting, or other professional services. If legal or other expert assistance is required, the services of a competent professional should be sought.

(Adapted from the Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations)