

# CONCENTRATED AND RESTRICTED STOCK

## Questions to Ask Donor

- Are you considered a “control person”?
- Would you be subjected to the Rule 144 public sale restriction?
- Do you own a private foundation? (Restricted stock donated to a private foundation is deductible at cost basis versus at the fair market value for public charities)
- What type of approval process is involved with the donor’s company?
- How concerned are you regarding the tax liability for this particular holding?

## Action Steps

- Donor decides to contribute the restricted stock to the charity of their choice
- Charity collaborates with restricted stock company’s counsel to remove restrictive legend that states owner cannot resell the stock in the public marketplace
- Rule 144 of the Securities Act of 1933 provides the most commonly used exemption for holders to sell restricted securities — Under this Rule, the company’s counsel would guide the owner how best to receive an exemption
- Company works with the stock’s transfer agent to remove the legend from the certificate — The transfer agent will remove the legend once the issuer consents which is usually in the form of an opinion letter from the issuer’s counsel to the transfer agent

## Advantages to Donor

- Donor eliminates paying any capital gains tax when contributing the stock to the charity versus selling the stock and donating the proceeds
- Donor can utilize an appreciated restricted asset to further the mission of the charity

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## Typical Donor Profile

- Individual has concentrated and restricted position in company stock
- Individual has strong philanthropic intent with current charity
- There is ongoing apprehension over future tax liabilities due to low original cost-basis

## Donor Motivation

- Looking to support the charitable mission of the organization
- Wants to eliminate capital gains tax liability
- Potential benefit from income tax charitable deduction

### About State Street

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third largest asset manager with nearly US \$2.9 trillion\* under our care.

\* AUM reflects approximately \$35.96 billion USD (as of June 30, 2019), with respect to which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

### About Charitable Asset Management

We provide consultative and customized planned gift investment management, tax and administration solutions for charitable organizations. Established in 1984, we are a boutique group within State Street Global Advisors dedicated to serving nonprofit organizations and their donors. Today, our planned gift specialists work with over 200 charities and manage in excess of \$3 billion in planned gift assets for more than 34,000 donors and beneficiaries.<sup>1</sup> Our charitable clients include colleges, universities, foundations, private schools and hospitals as well as cultural, environmental and religious organizations.

<sup>1</sup> As of 06/30/2019.

### Learn More

Contact us at [CAM@ssga.com](mailto:CAM@ssga.com) | **800-635-9001** for turnkey solutions so you can achieve your mission.

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