



CASE STUDY:

RESTRICTED STOCK

THE SITUATION

- Individual has a concentrated and restricted position in company stock and is concerned about protecting against tax exposure in their portfolio.
- Individual is philanthropically inclined, but doesn't know how they want to give and doesn't have a long-term charitable plan.
- Some of the charities Individual wants to support do not have the resources or experience to accept or efficiently liquidate restricted stock.

CONSIDERATIONS

- As a “control person” in the company, Individual is subject to Rule 144 public sale restrictions.
- Individual may be exempted from holding period requirements under Rule 701.
- Individual and recipient charity must gain approval from Company General Counsel to sell or transfer the shares at acceptable times.
- Transferring ownership of the restricted stock directly generally involves required paperwork and filings.
- Contributions of restricted stock to a Private Foundation are generally deductible at cost basis, compared to Fair Market Value (“FMV”) deductions for contributions to a public charity with a donor-advised fund program.

THE SOLUTION

- After speaking with a Planned Giving Associate or an advisor, the Individual chooses to establish a Giving Account® at the *Fidelity® Charitable Gift Fund*.SM
- Individual contributes restricted stock to the Gift Fund; Gift Fund is able to “tack onto” Individual's holding period.
- Gift Fund works with company's General Counsel to satisfy the requirements of Rule 144 to remove restrictive legend.
- Gift Fund sells the stock in the market and funds Individual's Giving Account with the proceeds.
- Individual's deduction is the FMV of the property on the date of the contribution (as determined by a qualified independent appraiser).

THE BENEFITS

- By donating the restricted stock to the Gift Fund rather than selling the stock and then donating it, Individual avoids paying capital gains on the sale of the stock.
- A Giving Account makes it fast and easy to transfer the value of restricted stock and other non-cash assets to charity.
- The proceeds from the sale of the block of restricted stock can be distributed to multiple charities.
- Planned Giving Associate or Advisor provides an innovative way for Individual to meet their philanthropic goals and minimize their tax burden.
- The Giving Account can provide the opportunity to support charities during lifetime and beyond. Charities potentially receive more support because of the tax benefits realized by giving restricted stock directly to the Gift Fund. Moreover, assets in the Giving Account have the potential to grow over time in the Gift Fund's investment program.

**For more information,
please call a Planned Giving Associate at 800.682.4438
or visit www.charitablegift.org**

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The *Fidelity*® Charitable Gift FundSM (Gift Fund™) is an independent public charity with a donor-advised fund program. Various Fidelity companies provide non-discretionary investment management and administrative services to the Gift Fund. Charitable Gift Fund and the Charitable Gift Fund logo are service marks, and Giving Account is a registered service mark, of the Trustees of the *Fidelity Investments*® Charitable Gift Fund. Fidelity and Fidelity Investments are registered service marks of FMR Corp., used by the Gift Fund under license.