

# Selling Your Business

Have you built a successful business and feel that the endeavor has run its course? Have you been thinking about selling your business and retiring? Would you prefer to benefit from the profits of the business sale and eliminate the stress of running your own company? Are you hesitant to do so because you feel that the tax bite of the sale would cripple the benefits of the sale? Do you have a charitable heart? Would you be interested in using your good fortune to give back to the community?

**If you answered “yes” to any of these questions, then a philanthropic gift of your business interests may be right for you.**

Charitable gifts before (or if necessary, after) a business sale are an excellent vehicle for planned giving because donors have several options. The Community Foundation can work with donors and their advisors to structure a gift that best fits their charitable and financial goals.



## 1 Donor-advised Fund (DAF)

Many charitably-minded individuals may want to go the extra mile when it comes to giving. They may have specific causes or organizations within their community that they are passionate about. A donor may want to utilize a more hands-on approach, without having to organize and staff his or her own private foundation. In that case, a donor-advised fund may be the right strategy for them, and establishing one at the time of a business sale is an excellent decision.

A donor-advised fund is a charitable giving vehicle in which a donor makes a contribution of assets to the Community Foundation and at any time thereafter can recommend grant distributions to qualified charitable organizations.

Most business interests can be given to a DAF.

### General benefits of donor-advised funds include:

- Cash donations to donor-advised funds are eligible for tax deductions of up to 60% adjusted gross income (AGI) and asset donations are eligible for tax deductions of up to 30% AGI, while private foundations are only eligible for tax deductions of up to 30% for cash and 20% for asset gifts.
- Donor-advised funds keep donations to multiple charities together in one fund, so donors only need to provide accountants with one statement of contributions each year to the DAF.
- Philanthropic officers at the Community Foundation can guide donors on selecting grant recipients and facilitate family planning meetings.



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## 2 Charitable Remainder Trusts

A Charitable Remainder Trust (CRT) is an arrangement in which property or money is donated to a charity, but the donor is entitled to receive income payments or retain use of the property for a fixed period of time, typically for the remainder of one's life. In short, beneficiaries of a donor's choosing receive payments for a specified period, and the Community Foundation receives a gift at the end of the term.

**Charitable remainder trusts can be structured in several ways to provide benefits specific to the donor's goals. For example:**

A Charitable Remainder Unitrust (CRUT) provides annual payments to donors or their beneficiaries in the form of a fixed percentage of the asset, as valued annually.

A Charitable Remainder Annuity Trust (CRAT) provides annual payments in the form of a fixed dollar amount.

### General benefits of charitable remainder trusts include:

- ◆ The donor or beneficiaries of his or her choice can receive a steady annual income from the trust, while providing the Community Foundation with a generous gift at the end of the designated term.
- ◆ The donor receives an immediate income tax deduction when the trust is established.

## 3 Charitable Lead Trusts

Charitable lead trusts (CLTs) are often considered “reverse charitable remainder trusts,” as they provide annual payments to charity for a set term, in which non-charitable beneficiaries receive the remaining benefit at the end of the term.

As in charitable remainder trusts, charitable lead unitrusts (CLUTs) provide the Community Foundation with payments in the form of a fixed percentage of the asset, while charitable lead annuity trusts (CLATs) provide the Community Foundation with a specific dollar amount each year.

### General benefits of charitable lead trusts include:

- ◆ Donors can significantly reduce estate taxes, as donated illiquid assets will no longer be considered part of a donor's taxable estate.
- ◆ While charitable lead trusts provide heirs with a gift at the end of a designated term, gift taxes on the assets are substantially reduced, which makes charitable lead trusts an excellent option for donors who wish to pass along illiquid assets to family.

## About us

Since 1951, the Community Foundation for Greater Atlanta has been a trusted philanthropic resource for our 23-county metro Atlanta region. We do this through our mission of providing quality services to donors and innovative leadership on community issues.

## Interested in a planned gift after selling a business?

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