



Navigating Complex Funding Assets: Strategies for Effective Evaluation

Northwest Planned Giving Roundtable

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November 7, 2023

Discovery

Qualification



People



Assets



Passions



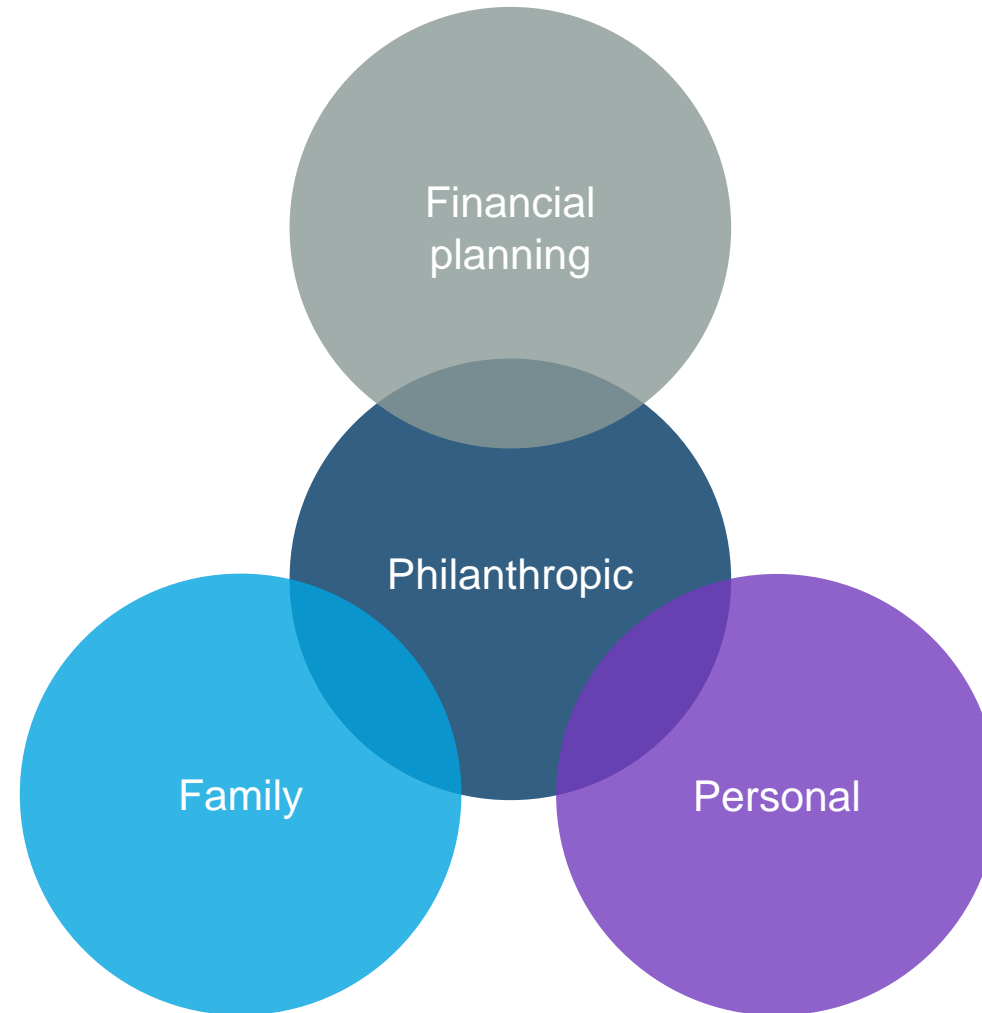
Plans



Advisors

*PAPPA acronym credited to the Gift Planning Department at Washington State University Foundation

Donor objectives



Discovery

Qualification

A tool for complex asset qualification



Information



Plans



Ownership



Debt

Gifts of complex assets



What background information did you learn about the asset?
How did the donor acquire the asset?
Did you learn anything about the value of the asset?



What is the foreseeable future for the asset?
What about family members being involved in the asset?
How might the asset be sold?

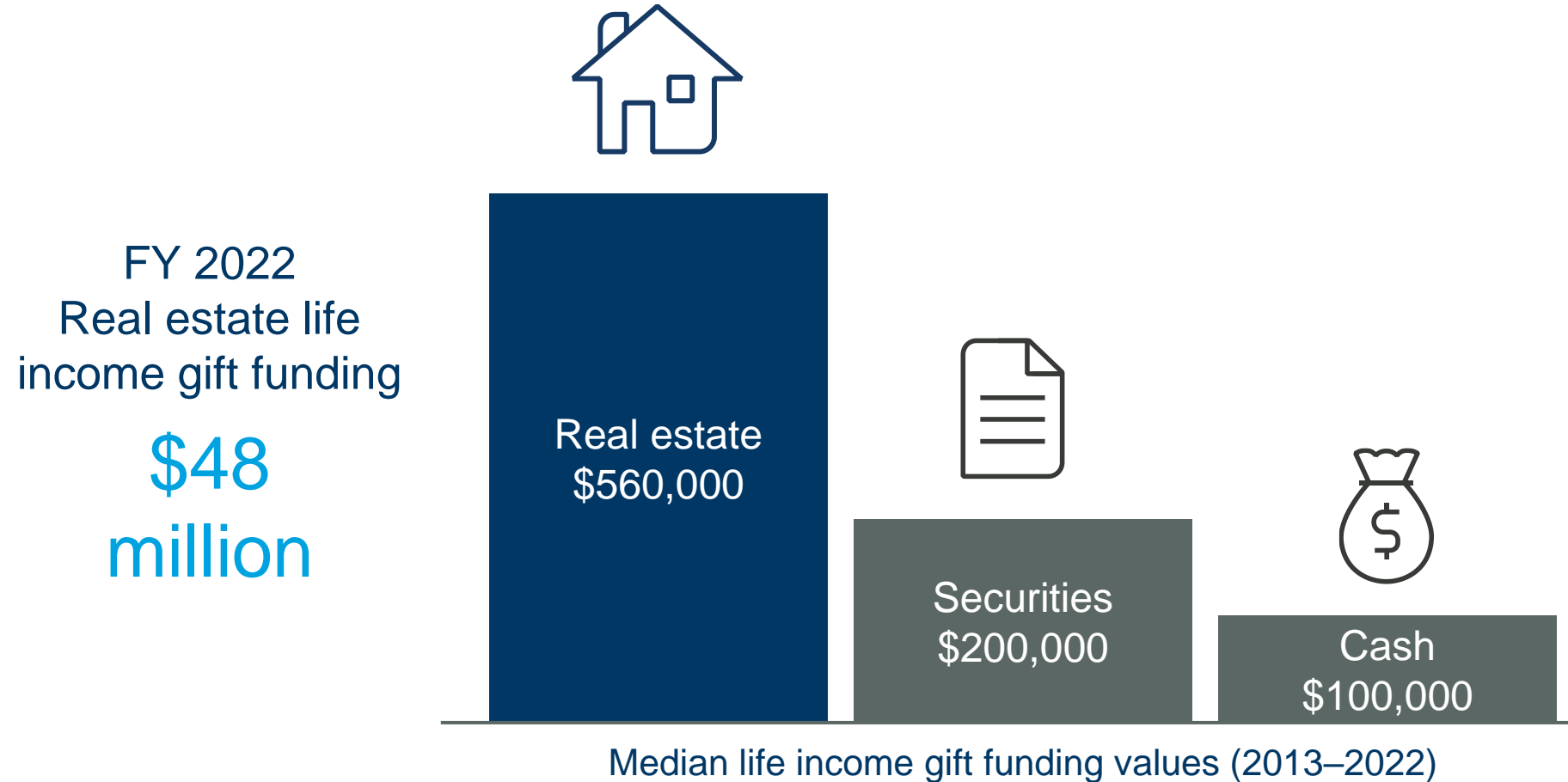


What is the legal ownership structure of the asset?
Are there other owners?
Are the shares held publicly or privately?



Is there debt attached to the asset?

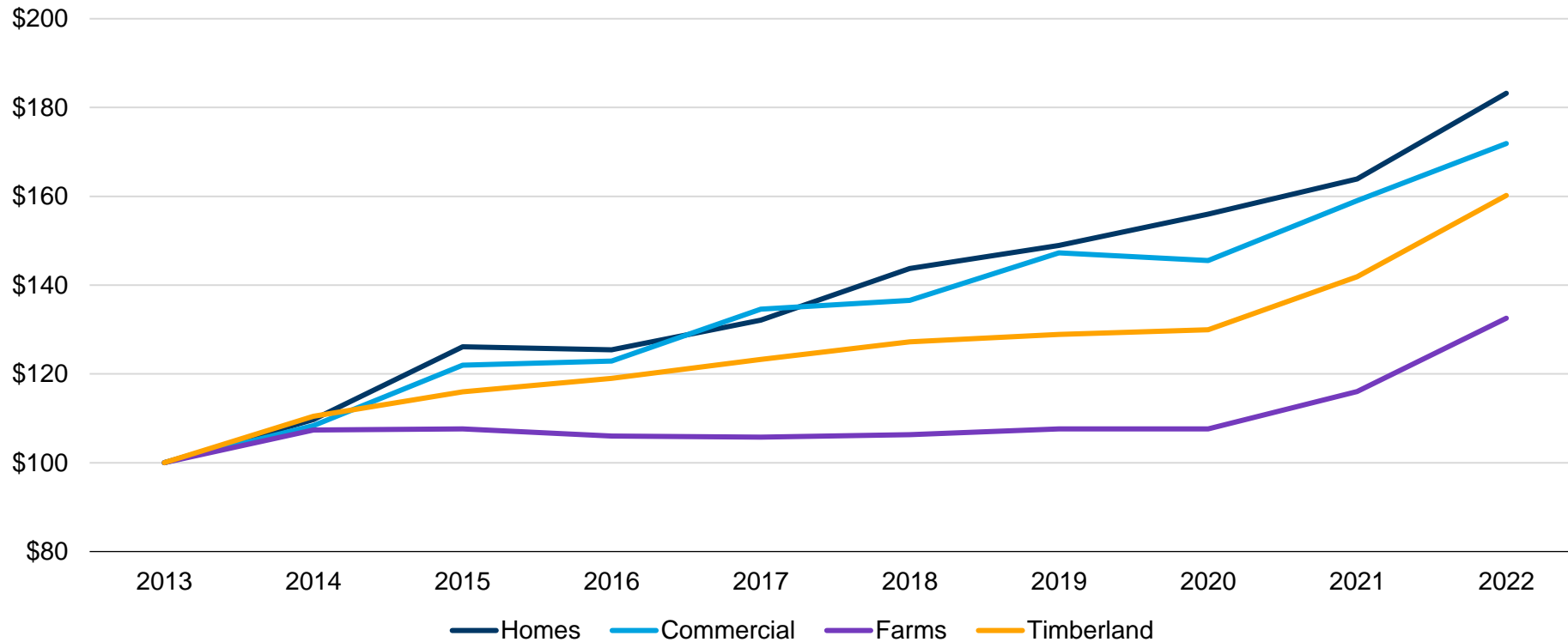
Real estate gifts are larger



Source: TIAA Kaspick managed/administered trusts. Real estate, securities, and cash are approximate dollar amounts.

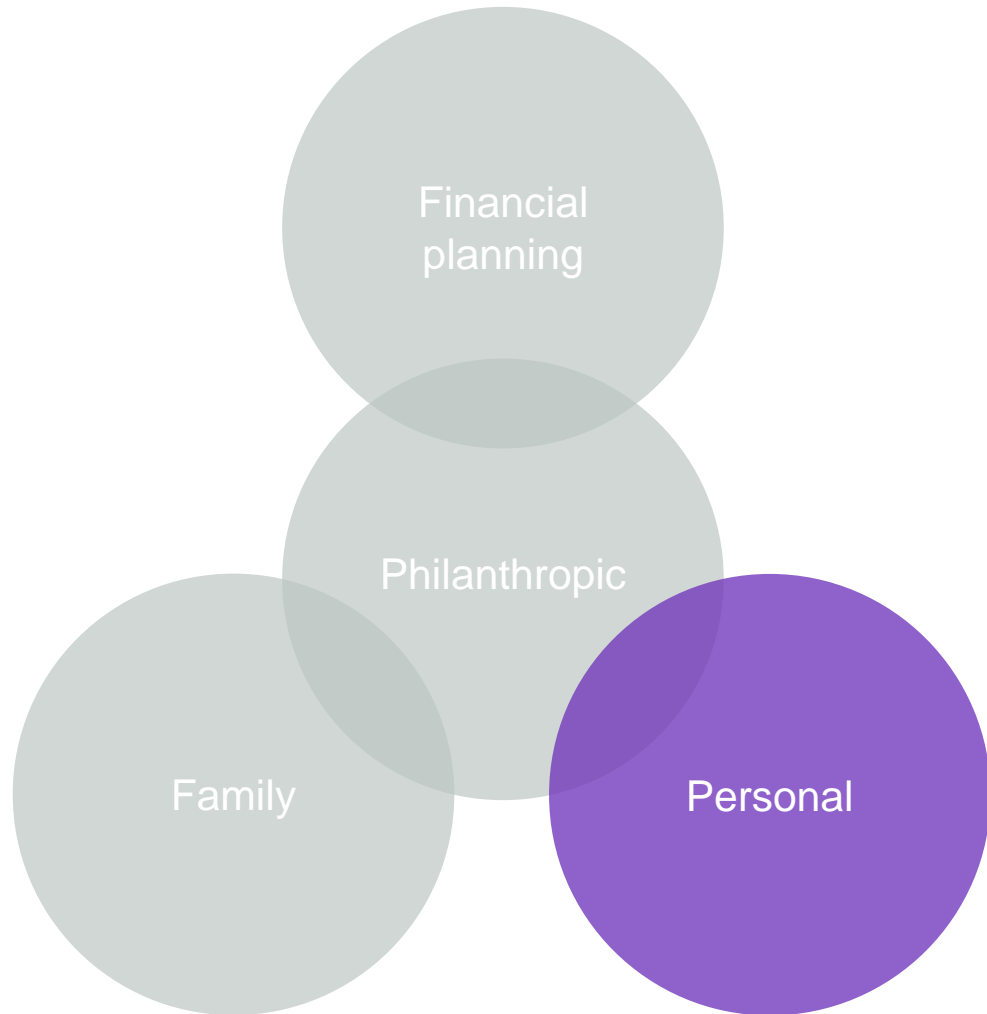
The future looks bright

Real Estate Values have Increased



Source: Homes: S&P/Case-Shiller U.S. National Home Price Index, Seasonally Adjusted, Commercial: Commercial Real Estate Prices for United States, Seasonally Adjusted, Farms: USDA - NASS Cropland-Asset Value, measured in dollars per acre, Timberland: NCREIF Timberland Index. Index values are normalized to starting value of \$100. While all information presented here has been carefully reviewed, the accuracy of third-party data or research cannot be guaranteed.

Why donors fund life income gifts with real estate



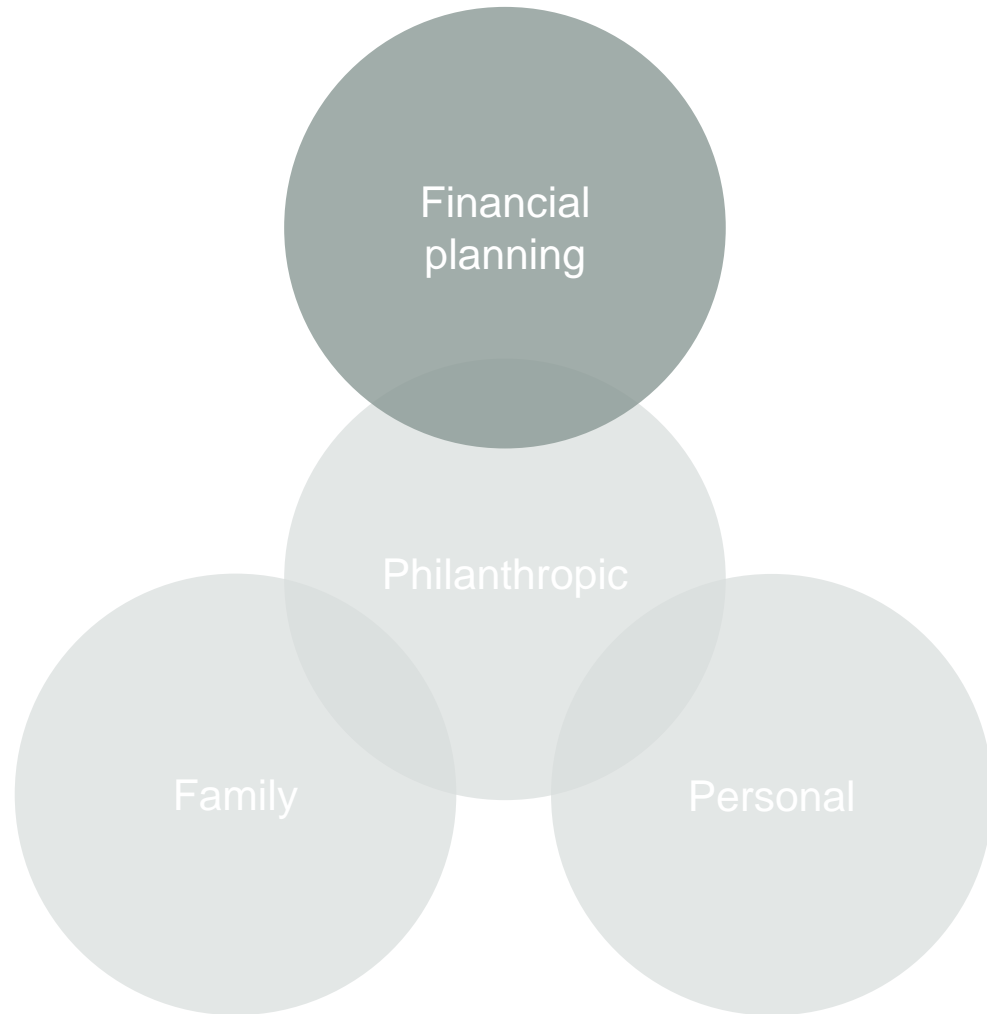
No longer want to manage property

Personal reasons necessitate a move

Right buyer has come along

Campaign gift

Why donors fund life income gifts with real estate



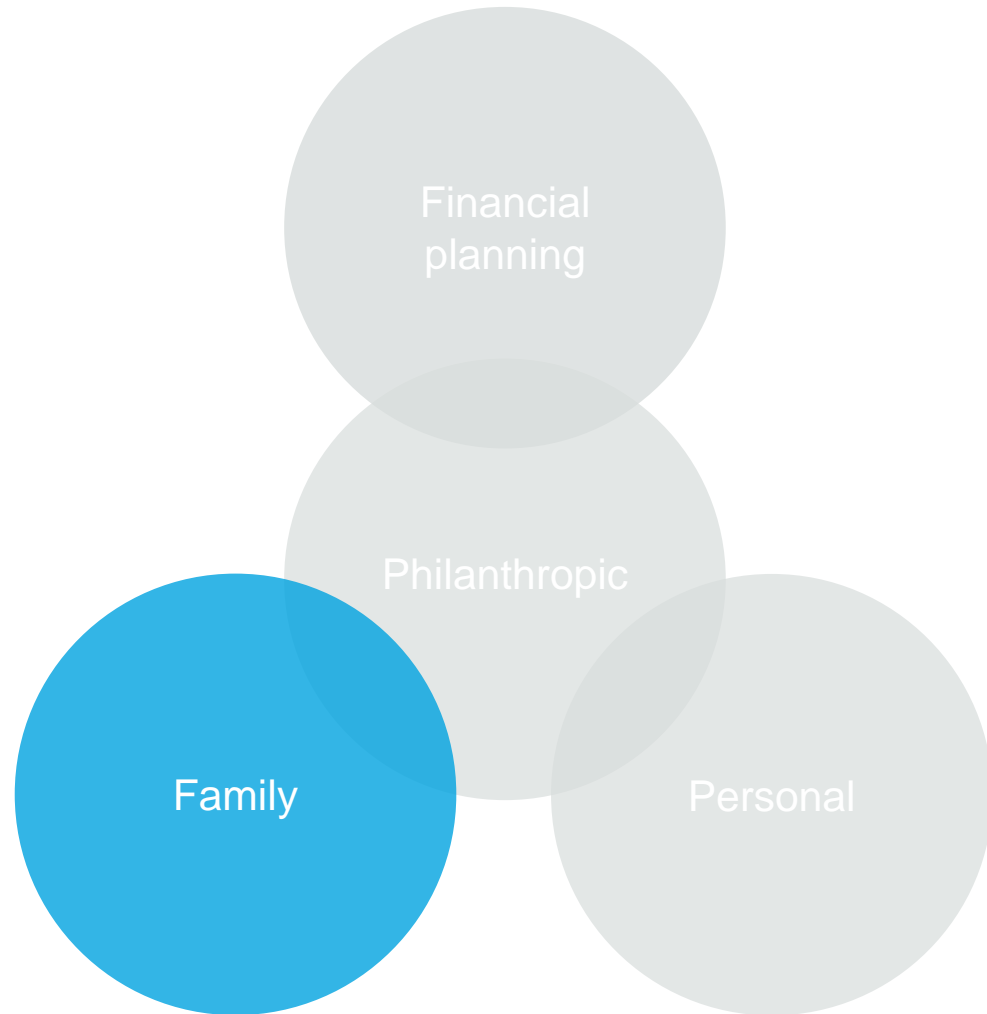
Avoid capital gains tax

Increase income

An outright gift is too much

Do not foresee further appreciation

Why donors fund life income gifts with real estate

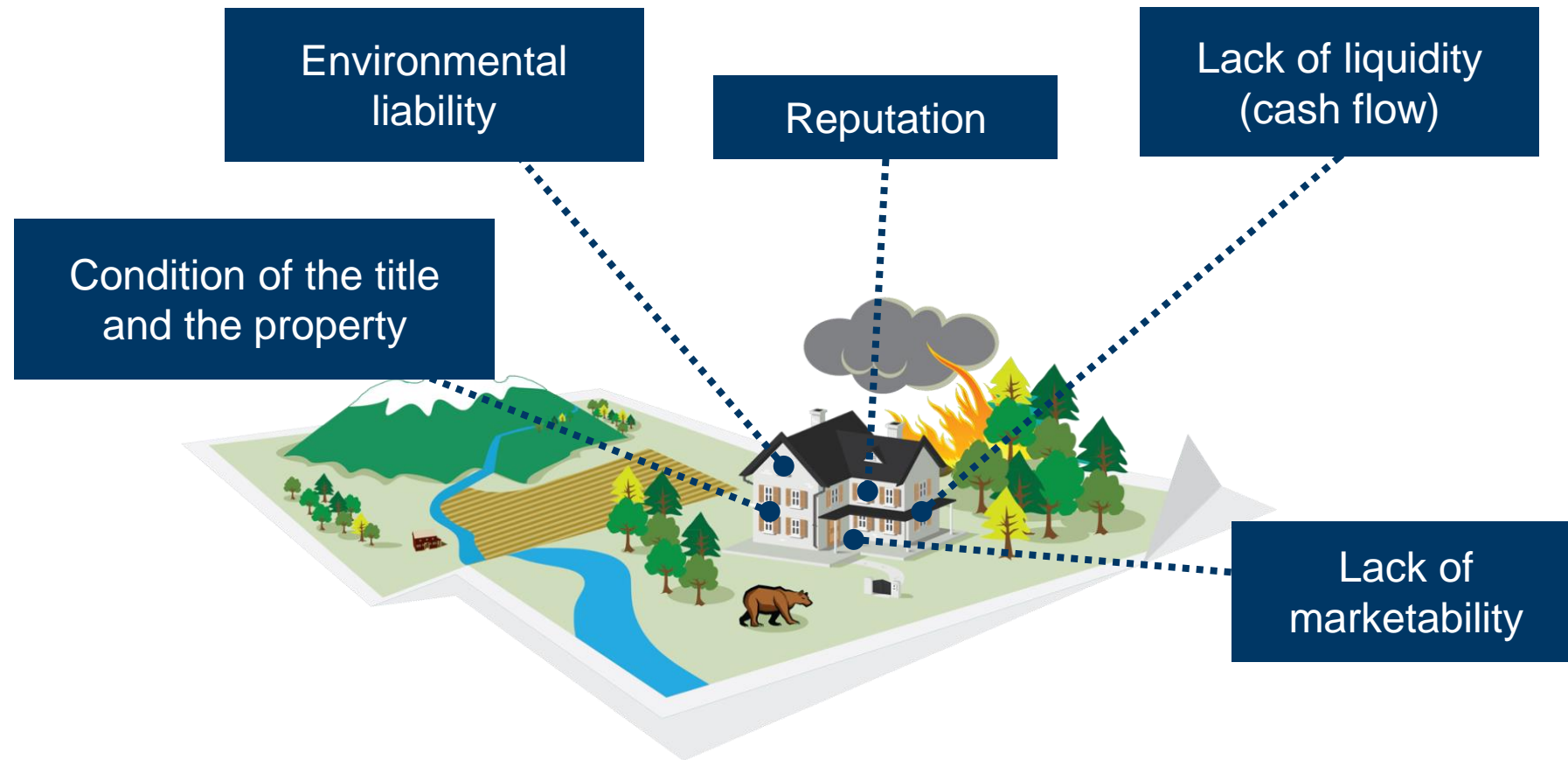


Avoid estate transfer of real estate

Family does not want to manage real estate as donors age

Provide income to loved ones

Potential risks with gifts of real estate



IPOD with real estate



What background information did you learn about the real estate?
How did the donor acquire the property?
Did you learn anything about the location and value of the property?



What is the foreseeable future for the real estate?
Are there non-donor family that are involved or interested in the property?
How might the real estate be sold? Any potential costs or challenges to sell the property?



How is the real estate titled?
Are there any other owners of the property?




Is there debt attached to the real estate?

Gift asset matrix

Asset	Current	Charitable Trust or Gift Annuity	At Death
Cash			
Publicly traded stock and mutual funds			
Retirement plans (IRA, 401k)	QCD	QCD	
Real estate			
Closely held stock			
Tangible property (art, stamps, crops, timber)			
Restricted stock (SEC Rule 144 or otherwise)			
Partnership interests			
Natural resources			
Intellectual property (copyrights, patents)			
Virtual assets			
Alternative investments (hedge funds, carried interest)			
Commercial annuities			
Stock options			
U.S. savings bonds			
Master limited partnerships			

 The asset is straightforward to give

 The asset may be given (depending on gift acceptance policies) but the process is more complex

 The asset cannot be given or would have negative tax consequences if given

You don't need to be an expert
You just need to be curious



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