



National
Philanthropic
Trust

Your partner in giving



Charitable Strategies for Business Transitions

Timing Your Gift for Maximum Impact

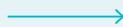
MORE THAN \$2.92 TRILLION IN ASSETS changed hands in the United States through mergers and acquisitions in 2025 alone.¹ If you are a business owner who is planning an exit strategy after generating wealth, you may have the opportunity to make a tremendous philanthropic impact. National Philanthropic Trust (NPT) can help you take this moment of transition to further your charitable strategy.

Using a Donor-Advised Fund

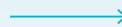
A donor-advised fund (DAF) is a powerful tool to manage your wealth transition and to maximize your charitable impact.



**DONORS
CONTRIBUTE**



**ASSETS
GROW**



**CHARITIES
BENEFIT**

As a donor, you make an irrevocable contribution of personal assets and receive an immediate tax benefit. The assets are invested and grow tax-free. You then recommend grants at your own pace, whenever you want to support your favorite charities and causes.

¹ Source: IMAA Institute. Mergers & Acquisitions United States of America. <https://imaa-institute.org>

Timing Is Everything

If you are considering including a philanthropic component in the sale of your business, take action early. The stage at which you give affects your tax liability and capacity to make a charitable contribution.

If you donate:

- After the sale – all the sale proceeds will be subject to capital gains tax.
- In the final stages of the sale – you may be considered to be avoiding anticipatory assignment of income. Your tax deduction may be at risk.
- Prior to sale – you will be eligible for the greatest possible tax benefit, and will have the biggest charitable impact.

The Benefit of a Charitable Transition

When you sell a privately held business interest – especially one that has appreciated significantly in value – you may owe substantial capital gains taxes in addition to the income tax from a high-yield year. You can lessen the burden by making a charitable contribution prior to sale. With a tax-efficient contribution of a private business interest to a DAF, you may be able to:

- Take a fair market value deduction (based on qualified appraisal)
- Avoid capital gains tax
- Deduct up to 30% of your Adjusted Gross Income (AGI) on your federal income taxes
- Preserve the value of the asset within your DAF to give to the charities you support

How It Works

In this example, imagine that Cristina is selling her business, which has been appraised at \$10 million. From her proceeds, she wishes to donate \$2.5 million. Here's how she does it:

1. **Cristina makes a charitable contribution** in private business interests to her DAF before finalizing the sale of her business.
2. **She avoids paying \$595,000 in capital gains tax²** on that \$2.5 million (assuming a 23.8% capital gains rate, inclusive of a 3.8% Medicare surtax) that would otherwise have been due if she sold the business outright.
3. **That extra \$595,000 becomes part of her DAF**, which may grow tax-free while she decides which charities she wishes to support.
4. **Her gift reduces her overall taxable income**, so she will avoid \$925,000 in marginal income tax (assuming a 37% marginal income tax rate).

By gifting before she sells, she increases her DAF assets by 31%.

Considerations



A gift of privately held business interest requires special attention.

If you decide that donating a private business interest is right for you, NPT can support you. We will help you determine your financial and philanthropic priorities, comply with IRS tax law, and realize the full potential of your gift.

We can work with you to:

- Incorporate a charitable component into your chosen business transition strategy
- Assess potential financial or legal challenges associated with donating or liquidating the asset
- Develop a plan to maximize charitable impact

To learn more about how NPT can assist you with donations of private business interest, contact us at (888) 878-7900 or at nptrust.org.

We would be honored to be your partner in giving.

Determining a giving strategy is largely dependent on individual factors, such as income bracket and tax deductions, as well as personal goals. NPT does not provide legal or tax advice. You should consult with your financial and/or tax advisor before making charitable contributions.

² This hypothetical example assumes that Cristina's business interests have been held for longer than one year, and that she has zero cost basis in the stock. The calculation does not include the discount rate that is applied in the valuation of a closely held corporation, which ranges from 5% to 10%.