Giving With Your Business

Use Your Business to Drive Life-Changing Advances
If you’re a business executive or entrepreneur, you might find that your most appreciated assets are your business interests. Your privately held C- and S-Corp stock, limited partnerships, or LLC interests that have increased in value may have an extremely low cost basis.

By donating a portion of your privately held business interests to Mayo Clinic, you can accelerate innovations in research and care, potentially eliminate capital gains tax, and receive an income tax deduction for your donation.

**How It Works**

01 **Donate**
You contribute your business shares to Mayo Clinic directly or into the Mayo Clinic donor advised fund.

03 **Avoid Taxes**
In making this donation, you can avoid capital gains tax and receive a federal income tax deduction potentially equal to the fair market value of your donation.

02 **Sell Back**
Mayo Clinic will then sell the interest back to your company or to a third party.

04 **Transform Medicine**
You can expand your reach with a far larger gift than you may have thought possible. Your donation will directly fund Mayo Clinic’s innovative research, patient-first care and world-class education. If you choose the Mayo Clinic donor advised fund, the proceeds from the sale of your business interests will be invested and continue to grow tax-free. You can then recommend grants to accelerate life-changing Mayo Clinic programs and other charitable causes.
Plan Ahead

If you are looking to retire or sell your business, consider philanthropy first.

Consult your attorney or business advisor to ensure that the current state of negotiations is not what the IRS would consider a prearranged sale. Otherwise, you might be liable for taxes related to the sale.

You and your attorney or business advisor should review the company’s shareholder agreements and other governing documents to ensure that the donation does not go against any transfer restrictions and conforms with timing and process requirements.

Depending on the value and type of business interest, you may be required to obtain a qualified appraisal of the shares you’re planning to donate. The timing of the appraisal is important, as it must be secured no earlier than 60 days before the donation and no later than the due date of your tax return for the year of your gift.

Special rules apply to charitable gifts of S-Corp, limited partnership and LLC interests, including the charitable deduction you’re permitted to take. In addition, donations of S-Corp shares generally lead to unrelated business taxable income (UBTI), which may be paid using proceeds from the sale, but must be considered and accounted for during the process. With these and all business interest donations, we highly recommend consulting with a tax advisor to understand the rules and restrictions that could apply to your gift.
Consider Dana, an executive at a privately held fortune 500 company. After 25 years with the business, she decides to retire. She has company shares worth $1 million. The cost basis for these shares is only $50,000. Previously, Dana’s husband, Bill, was diagnosed with a rare condition and went to Mayo Clinic for his treatment and answers.

After Bill’s health scare, Dana and Bill decided to sell her business and enjoy their retirement years. They found a buyer who purchased the shares at their fair market value. Dana and Bill paid capital gains taxes based on the appreciation. Later they met with their financial advisor to discuss their tax implications. Following his advice, they decided to make a $810,000 gift (the net proceeds from the sale after capital gains taxes) to Mayo Clinic to offset their tax liabilities and show their gratitude for Bill’s care.

This is a common scenario. With Mayo Clinic’s vast experience working with benefactors all over the globe, we have found that charitable gifts prior to the sale of a company are rarely discussed. You can, in fact, minimize taxes if the shares are transferred directly to Mayo Clinic before the sale. Check out Dana and Bill’s scenario in the chart below and compare the tax savings had they gifted the shares directly to Mayo Clinic prior to the sale.

*Bill and Dana paid an estimated $190,000 in federal capital gains taxes and donated the after-tax proceeds of $810,000. They received an income tax deduction of $299,700 ($810,000 x 37%) but also paid capital gains tax of $190,000, making their net tax savings only $109,700 ($299,700 – $190,000).
Your Partner In Philanthropy
Our broad team both inside and outside of Mayo Clinic is ready to collaborate with you and your tax advisors to come up with creative strategies around charitable planning and taxes. Partnering with this team incurs no cost to you and has great potential. We are committed to ensuring your gift is the best option for you and Mayo Clinic.

We have a legal team with deep industry experience in this area. Our internal staff has worked on hundreds of complex gift transactions. Just as our medical approach is multidisciplinary and team-based, our model of gift planning follows suit.

Contact Our Team
You may have questions about appraisals, tax savings and other details. We would welcome a nonbinding, no-cost visit with you and/or your advisors over the phone. Benefactors have benefited immensely from this conversation. Most learn something they did not know before, which has guided their future business and philanthropic conversations. Our team will even provide a complimentary review of your trust or other documents, if you would find this to be helpful.
For information on supporting Mayo Clinic, please contact:

Department of Development
800-297-1185
www.mayoclinic.org/development

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