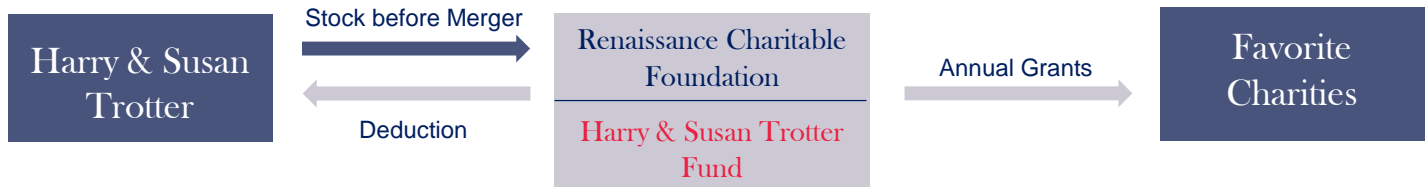


# DONOR STORY: Harry & Susan Trotter

All Cash Merger Endows Charitable Giving



For the past several years, Harry & Susan Trotter have regularly made annual gifts to their church and alma mater. The Trotters are both 62, recently retired and enjoy a comfortable lifestyle. They own an investment portfolio including \$100,000 of a single company’s stock they bought several years ago for \$25,000. The company recently announced an all-cash merger, which means Harry & Susan must sell the stock in the next few weeks. Their financial advisor explained that the stock sale will trigger a capital gain tax of \$18,750.

To avoid the pending capital gain tax, their financial advisor recommended creating the Harry & Susan Trotter Fund with the Renaissance Charitable Foundation to endow their annual giving. This would free up the cash they normally give to charities from current income. Harry & Susan will receive an immediate \$100,000 income tax deduction, which would reduce their Federal tax burden. After the transfer, Renaissance Charitable Foundation will tender the stock as part of the merger and reinvest the proceeds in a balanced portfolio of mutual funds.

The Harry & Susan Trotter Fund will make quarterly grants to their church and alma mater. Additionally, Harry and Susan reserve the right to make grant recommendations at any time to other publicly-supported charities in the United States.

Benefits of Trotter DAF	
Income Tax Deduction	\$100,000
Capital Gain Tax Savings	\$18,750
Endowed Gifts	In Perpetuity

- Assumptions:
- Marginal Federal and state income tax rate of 38.25%.
  - Marginal Federal and state capital gain tax rate of 25%.
  - Deduction may be limited. Consult a tax advisor.
  - Harry & Susan must transfer the stock to the DAF **before** the merger terms force a sale and without their voting for the merger.

*This example is hypothetical and for educational use only. The situations, tax rates or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary. Please consult with legal and tax counsel about the suitability.*

Visit [www.rcgf.org](http://www.rcgf.org) or call (866) 803-0389 to write your own donor story!

