

# Client CASE STUDIES

## Transforming concentrated stock into a source of income and gifting

### PROFILE

The founder of a large spice company retired with a significant position in company stock that had a very low cost basis and modest dividends, representing 85 percent of his net worth. He wanted to sell some of his highly appreciated stock to reduce risk but was concerned about the tax implications. At the same time, he wanted to make a significant gift to a valued charity and retain a robust income stream for the remainder of his life.

### THE SOLUTION

Our trust and planning specialists recommended that the client establish a charitable remainder unitrust funded with the company stock, naming his selected charity as the remainder beneficiary. Our investment experts would then sell the stock inside of the trust, diversifying the asset to reduce risk and increase cash flow without incurring immediate capital gains tax liabilities. Through the terms of the trust, the client would receive a fixed percentage from the trust for his lifetime, with the charity receiving the remaining principal after his death.

### THE RESULT

The client achieved his income and philanthropic goals while diversifying his low cost basis company stock that had appreciated significantly over the years, also gaining maximum tax advantages. Not only did he minimize the capital gains taxes on the assets transferred to the trust, he was able to take an immediate income tax charitable deduction equal to the remainder value of the gift.

*Specific details related to this case study have been changed or deleted to ensure confidentiality.*

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