CAL POLY
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IT'S YOUR LEGACY. EXPLORE IT.

GIFTS OF PRIVATELY HELD, FAMILY, RESTRICTED, OR VENTURE SECURITIES

FREQUENTLY ASKED QUESTIONS

IS CAL POLY INTERESTED IN RECEIVING GIFTS OF NON-MARKETABLE SECURITIES OR VERY EARLY STAGE VENTURE COMPANIES WITH LITTLE OR NO VALUE?

Cal Poly has a special account dedicated to holding securities that are not immediately marketable and early stage, low-value, securities that may appreciate over the long term. The Planned Giving Office will consult with a donor on a regular basis to track company progress and assist in the preparation of a strategy for liquidating the securities.

BECAUSE OF SEC RESTRICTIONS LIKE RULE 144* AND VOLUME SALE RESTRICTIONS, IS IT TOO COMPLICATED AND TIME CONSUMING TO MAKE A GIFT OF SEC RESTRICTED SHARES TO CAL POLY?

Cal Poly has worked effectively on numerous occasions with SEC restricted stock and has a streamlined and efficient procedure to prevent delay or encumbrance of the donor's corporate activity. Cal Poly is responsive and knowledgeable in working with donors and their attorneys in the transfer and administration of SEC restricted securities.

SHOULD I WAIT UNTIL MY STOCK REACHES ITS FULL POTENTIAL BEFORE GIVING IT TO CAL POLY?

Cal Poly will hold securities in negotiable form as agent for a donor until all required paperwork is completed. The donor can then determine when he or she would like to gift the securities to Cal Poly. A fax or e-mail can be used to convey the shares when the donor believes the securities have reached their full potential. This can be particularly useful for highly volatile securities.

WILL MY GIFT OF STOCK CAUSE FAMILY VOTING CONTROL PROBLEMS?

While it is true that a donor cannot legally restrict Cal Poly from selling stock to an outside purchaser, Cal Poly is cooperative in sales decisions and will make every effort to exercise sales decisions in a manner consistent with the wishes of the donor and the donor's company. Often a donor will transfer non-voting stock shares to avoid control issues.

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ARE THERE REDUCED TAX BENEFITS FOR GIFTS OF THESE TYPES OF SECURITIES?

Generally, a gift of securities to a public charity is deductible at full fair market value with complete avoidance of long-term capital gains taxes. Discounts (due to the fact that the securities are not marketable, represent a minority interest in the underlying entity, and/or may be subject to restrictions on transfer) will apply. Depending upon the specific facts, an appraisal of the securities may be required in order to claim a charitable income tax deduction. It is important that a donor discuss these issues with his or her tax advisor prior to making this (or any type of) charitable gift. Securities may also be contributed to fund a life income arrangement such as a charitable remainder trust.

WILL A BEQUEST OF THESE TYPE OF SECURITIES TO CAL POLY COMPLICATE ESTATE ADMINISTRATION AND DELAY ESTATE SETTLEMENT?

Cal Poly has worked effectively with many estates involving privately held, restricted, or family business securities. These types of gifts can produce significant tax savings for both the estate and family members.

*RULE 144: SELLING RESTRICTED AND CONTROL SECURITIES

When you acquire restricted securities or hold control securities, you must find an exemption from the SEC's registration requirements to sell them in a public marketplace. Rule 144 allows public resale of restricted and control securities if a number of conditions are met. For more information on Rule 144 visit the SEC website at: http://www.sec.gov/investor/pubs/rule144.htm.

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