

# Illiquid Asset Contribution Guidelines

NPT Transatlantic accepts illiquid assets to help donors create or add to their donor-advised fund. Every illiquid asset is unique. Therefore, each gift is individually evaluated and managed to maximise its value and ensure compliance with US and UK gifting rules. NPT Transatlantic provides personalized communication with donors and advisors for every aspect of the review and liquidation process.

## CONTRIBUTION MINIMUMS

NPT Transatlantic has established minimum thresholds for accepting illiquid assets. They are listed below.

TYPE OF ASSET	CONTRIBUTION MINIMUM
Alternative Investments (Hedge Funds & Private Equity)	£ 1,000,000
Privately-Held Interest (C-Corp, S-Corp, LLCs)	£ 1,000,000
Real Estate (Residential & Commercial)	£ 1,000,000
Derivatives	£ 500,000
Structured Notes	£ 250,000
Tangible Personal Property (Artwork & Collectibles)	£ 250,000
Publicly-Traded Partnerships	£ 250,000
Restricted Stock (Including Rule 144/145)	£ 100,000

## LIQUIDATION COST

NPT Transatlantic deducts additional sums to manage the process of liquidating unique assets. These deducted sums are considered a qualifying expense for US purposes by the IRS and can be deducted from the sale of the donated asset. NPT Transatlantic will apprise you of anticipated sums to be deducted prior to deducting them from your donor-advised fund. Guidelines for the liquidation process are noted below:

### A. Due Diligence Review

NPT Transatlantic's staff dedicates additional time and resources to analyse illiquid assets prior to accepting them. During the asset evaluation phase, NPT Transatlantic and, if necessary, outside professionals evaluate the asset based on:

**Marketability** – Analyse the market to determine how and when the asset can be sold.

**Risk Management** – Evaluate the inherent risks for accepting, holding and liquidating the asset.

**Legal/Tax Matters** – Review agreements, transfer documents, evaluate US and UK gifting rules and/or determine the possible tax consequences of contributing the asset.

### B. Holding Period Management

NPT Transatlantic may hold an illiquid asset for a period of time prior to its sale. Market conditions or restrictions placed on the asset may determine the length of time NPT Transatlantic holds the asset. During the holding period, donors are asked to cover all related costs. Types of costs include but are not limited to:

**Safeguarding** – Expenses related to protecting and holding the asset.

**Documentation** – Expenses related to regulatory filings, financial statements and record keeping.

**UBIT** – Expenses involving unrealized business income tax.

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## LIQUIDATION COST (CONTINUED)

### C. Financial and Tax Reporting

NPT Transatlantic will reconcile financial and tax-related matters including but not limited to:

**Tax Filing** – Federal, state and/or foreign forms.

**Audit Management** – Document preparation for internal and external audits.

### D. Other Expenses

NPT Transatlantic reserves the right to deduct from the donor-advised fund any costs related to the asset that NPT Transatlantic incurs during the illiquid gift management process. Funds are deducted from the net proceeds in the donor-advised fund either during the holding period or after the asset has been sold.

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## KEY CONSIDERATIONS

### A. Appraisal

For US tax purposes, the IRS requires a donor to secure a qualified appraisal within 60 days prior to the gift or by the time the donor files his/her annual tax return. If a donor fails to obtain a qualified appraisal, the IRS may disallow the donor's tax deduction.

### B. Gift Proceeds

Due to the amount of time required to liquidate the asset, sales proceeds may differ from the appraised or fair market value at the time of the contribution.

### C. Tax Consequences

NPT Transatlantic does not provide legal or tax advice in the US or the UK. Donors need to consult their professional tax advisor to evaluate their individual tax circumstances.

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## COMMUNICATION

NPT Transatlantic provides personalised service for every aspect of the review and liquidation process. If you are interested in contributing an asset that is not listed above or learn more about NPT Transatlantic illiquid gift processing services, please call us on 0800 133 7540 and ask for an illiquid gift representative.

For more information | [enquiries@nptuk.org](mailto:enquiries@nptuk.org) | +44 (0)800 133 7540 | [www.nptuk.org](http://www.nptuk.org)