

Illiquid Asset Contribution Guidelines

NPT UK 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 UK gifting rules. NPT UK provides personalized communication with donors and advisors for every aspect of the review and liquidation process.

CONTRIBUTION MINIMUMS

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

TYPE OF ASSET	CONTRIBUTION MINIMUM
Real Estate (Residential & Commercial)	£ 2,000,000
Alternative Investments (Hedge Funds & Private Equity)	£ 1,000,000
Privately-Held Business Interest	£ 500,000
Structured Notes	£ 250,000
Tangible Personal Property (Artwork & Collectibles)	£ 250,000
Restricted Stock (including SEC Rule 144/145)	£ 25,000

LIQUIDATION COST

NPT UK deducts additional sums to manage the process of liquidating unique assets. These deducted sums are considered a qualifying expense and can be deducted from the sale of the donated asset. NPT UK 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 UK's staff dedicates additional time and resources to analyse illiquid assets prior to accepting them. During the asset evaluation phase, NPT UK 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 UK gifting rules and/or determine the possible tax consequences of contributing the asset.

B. Holding Period Management

NPT UK 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 UK 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.

LIQUIDATION COST (CONTINUED)

C. Financial and Tax Reporting

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

Tax Filing – Forms for relevant jurisdictions.

Audit Management – Document preparation for internal and external audits.

D. Other Expenses

NPT UK reserves the right to deduct from the donor-advised fund any costs related to the asset that NPT UK 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.

KEY CONSIDERATIONS

A. Valuation/Records

For certain types of assets a valuation or legal documents will be required to evidence the gift for HMRC purposes.

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

COMMUNICATION

NPT UK 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 UK illiquid gift processing services, please call us on 0800 133 7540 or email.

For more information | enquiries@nptuk.org | +44 (0)800 133 7540 | www.nptuk.org