Memory Trees
www.memorytrees.co

Memory Trees Corporation
Managed Donor Services

Giving via a Memory Trees Managed Donor Services Fund ("MDS") can be a tax-efficient way to conduct your philanthropy. Below are a few strategies to reduce your tax liability using a MDS fund while increasing your charitable impact.

Grow Your Charitable Dollars Tax-Free.

The charitable dollars in your MDS can be invested before they are granted out. With market growth, your MDS balance can also grow. This makes even more money available for grantmaking. Moreover, while you can take an immediate tax deduction for the gifts you make to your MDS, you will *not* be taxed on any growth, since the assets belong to the MDS's charitable sponsor.

Reduce Tax Burden in a Windfall Year.

MDS accounts can reduce tax burdens after a windfall situation, such as receiving an inheritance, selling a business, or experiencing strong market returns. You can take an immediate tax deduction when you make a charitable contribution to your MDS, reducing your tax liability. An MDS allows you to recommend grants to your favorite charities over time, so you can effectively pre-fund years of giving with assets from a single high-income event.

Contribute Appreciated Assets to Reduce or Eliminate Capital Gains.

Direct donation of publicly traded securities (or other illiquid gifts) is one of the most common ways to fund a MDS. This is a particularly tax-efficient method because securities that have been held for more than one year can be donated at their fair market value, and are not subject to capital gains tax. If a donor were to liquidate their assets and later donate the proceeds to their MDS, the amount would be reduced by capital gains tax, leaving less money available for philanthropy. Donors receive an immediate tax deduction of up to 30% of adjusted gross income (AGI) for gifts of appreciated securities, mutual funds, real estate and other assets, and can enjoy five-year carry-forward deduction on gifts that exceed AGI limits.

Donating Appreciated Stock: A Case Study

By donating appreciated stock held for more than one year directly to a MDS - rather than liquidating it and then donating the proceeds - philanthropists can reduce their tax liability by eliminating capital gains tax, as well as reducing their marginal income tax.

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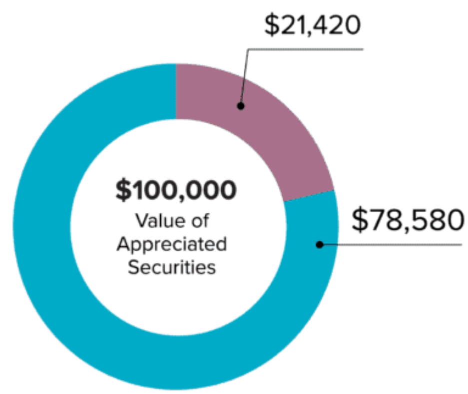
In the hypothetical example below, a donor has $100,000 in long-term appreciated stock, and its original cost-basis purchase price was $10,000:

DONOR SELLS SECURITIES AND DONATES AFTER-TAX PROCEEDS TO CHARITY

Pays Capital Gains Tax:	$21,420
Net Available to Charity:	$78,580



DONOR CONTRIBUTES APPRECIATED SECURITIES DIRECTLY TO CHARITY

Capital Gains Tax:	$0
Net Available to Charity:	$100,000

Using an MDS, this donor would have more available to give to charity and would pay less in taxes. This strategy can often allow donors to give more than 20% more to the causes they care about.

Note: For the purposes of illustration, this hypothetical example assumes a 35% income tax rate. It also assumes that all realized gains are subject to the federal long-term capital gains rate of 20% and the Medicare surtax of 3.8%. No other state taxes are taken into account.

Memory Trees Corporation is registered as a tax-exempt public charity under IRS Code 501(c)3
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