Ren

The Concentrated Position Playbook

How to match the right charitable structure to your client's asset type, timing, and goals

This playbook gives you the decision logic for charitable planning when your client holds concentrated public or private equity and other unusual asset types.

Use it to identify which vehicle fits which situation, understand the mechanics and timing requirements, and know when a strategy doesn't apply.



Decision Table: Which Structure Fits Which Situation

Asset Type	Primary Vehicle	Tax Advantage	Timing	Valuation	Watch For
Publicly traded stock (concentrated position)	Donor-Advised Fund (DAF) or Charitable Remainder Trust (CRT)	Fair market value (FMV) deduction; no capital gains on contributed shares	Contribute before sale; holding period must exceed one year for FMV deduction.	FMV on contribution date	Contribution must be made in-kind, not sold first. Client can repurchase after contributing. Contribution must be completed before any binding sale agreement.
Restricted / Rule 144 stock	DAF or CRT	FMV deduction (publicly traded); potential discount for restrictions	Holding period and volume limitations apply. Plan around lockup expiration.	FMV with potential restriction discount; qualified appraisal may be required	SEC compliance on transfer. Confirm restriction terms allow charitable contribution.
Qualified Small Business Stock (QSBS)-eligible (Section 1202)	Situational	Up to 100% capital gains exclusion on direct sale (depending on threshold and holding period)	If a full or partial QSBS exclusion applies, charitable contribution may reduce overall tax efficiency	Qualified appraisal required for private stock	Donating the shares gives up the option to sell them tax-free and keep the proceeds. Model both paths before recommending.
Appreciated securities (stock, mutual funds, ETFs)	DAF	FMV deduction; no capital gains on contributed shares	Held longer than one year for FMV deduction; short-term = cost basis only	FMV on contribution date	Simplest execution path. Often the first charitable conversation with a client.
Real estate (investment or commercial)	CRT or DAF (via liquidation)	FMV deduction; defer or eliminate capital gains	Appraisal must be completed no earlier than 60 days before contribution, no later than the due date (including extensions) of the return on which the deduction is first claimed.	Qualified independent appraisal and IRS Form 8283 (Section B) required	Environmental liability, debt encumbrance (bargain sale rules and UBTI), partial interest rules if gifting less than the full property, and property management during transfer.
Private equity / LP interests	DAF (with a sponsor equipped for complex assets) or CRT	FMV deduction; generally avoids capital gains on contributed interest	Contribute before distribution event. Review partnership/operating agreement for transfer restrictions.	Qualified appraisal required; valuation complexity is high	General partner (GP) consent often required. UBTI exposure if debt-financed. Distribution timing may create complications.
Complex and unusual assets (collectibles, crypto, tangible property)	DAF (with a sponsor equipped for complex assets) or CRT	Collectibles/tangible: cost basis deduction only. Crypto: FMV deduction if held > 1 year.	Highly asset-specific. Engage Ren early.	Qualified appraisal required for most categories	Deduction limitations vary by asset type. Related-use rules for tangible property. Crypto custody and transfer logistics.

Mechanics Flow: How a Concentrated Position Contribution Works

Before the Contribution

Identify the concentrated or appreciated position and confirm the client has charitable intent. Verify the asset has been held longer than one year (required for a fair market value deduction). For restricted stock, confirm transfer is permitted under the restriction terms. For private equity or LP interests, review the operating or partnership agreement for assignment clauses. Establish valuation: publicly traded securities use the FMV on contribution date; most other asset types require a qualified independent appraisal.

Critical Timing Point



The contribution — which is irrevocable once made — must be completed before any binding sale agreement is executed. Once a sale is contractually committed, the planning window closes. This is the single most common timing mistake in concentrated position planning.

After the Contribution

The client receives a charitable income tax deduction (fair market value for most long-term appreciated assets; cost basis for short-term holdings or certain tangible property). No capital gains tax is triggered on the contributed shares or interest. The DAF sponsor or CRT trustee liquidates the asset and invests the proceeds according to the vehicle's investment policy. The client is not taxed on the liquidation. From a DAF, the client recommends grants to qualified charities. From a CRT, the income stream pays out to the beneficiary for the trust term, with the remainder passing to charity.

Scenario: Direct Sale vs. DAF Contribution

Hypothetical example, for illustrative purposes only.

Client profile: An advisor's client holds $5,000,000 in concentrated employer stock with a cost basis of $500,000. The client has charitable goals but hasn't formalized a plan. The stock has been held for more than one year.



	Direct Sale	Contribute to DAF
Fair market value	$5,000,000	$5,000,000
Cost basis	$500,000	$500,000
Capital gain	$4,500,000	$0 (no gain recognized)
Federal capital gains tax (23.8%)	$1,071,000	$0
Charitable deduction	$0	Up to $5,000,000 (FMV, subject to 30% AGI limitation with 5-year carryforward)
Net to charity	Depends on post-tax gift	$5,000,000 (full FMV)
Net tax benefit	None	Deduction worth up to $1,750,000 at an effective 35% rate for top-bracket filers (realized over carryforward period if needed)

The client avoids $1,071,000 in capital gains tax and generates a meaningful income tax deduction. The full $5,000,000 goes to work for the client's charitable goals instead of a reduced post-tax amount.

This content is for educational and marketing purposes only and is not tax, legal, or financial advice. All figures are illustrative. Actual outcomes depend on the client's full tax situation, state taxes, and applicable deduction limitations. Beginning in 2026, itemized charitable deductions are reduced by 0.5% of AGI, and deductions for taxpayers in the 37% bracket are valued at an effective 35% rate.

Guardrails: When to Pause, Rethink, or Skip This Strategy

A binding sale agreement is already in place.

If the client has signed a definitive purchase agreement or the transaction is otherwise contractually committed, the contribution window has closed. A contribution after this point risks the IRS treating the client as having made an anticipatory assignment of income.

The asset carries debt or encumbrances (especially real estate).

Debt-financed property contributed to a DAF or CRT can trigger bargain sale treatment, UBTI, or partial interest rule complications. These require case-specific structuring, not a standard contribution pathway.

QSBS exclusion is available and more valuable.

If the client's shares qualify for the Section 1202 exclusion (the greater of $10M or 10x basis for stock issued on or before July 4, 2025; the greater of $15M or 10x basis for stock issued after, with partial exclusions starting at three years), the capital gains exclusion on a direct sale may deliver a better outcome than a charitable contribution. Model both before recommending.

The client's charitable intent is uncertain or minimal.

Charitable planning strategies require genuine donative intent. If the client's primary motivation is tax avoidance with little interest in philanthropic outcomes, the strategy is a poor fit and the advisor should reframe the conversation.

The asset is illiquid with no clear path to valuation.

Some assets (early-stage private companies, thinly traded interests, certain collectibles) may not support a qualified appraisal that will withstand IRS scrutiny. If valuation is speculative, the deduction risk may outweigh the benefit.

The position is below a meaningful threshold.

The administrative cost and complexity of a qualified appraisal, legal review, and transfer logistics may not justify the charitable and tax benefit for smaller positions. The threshold varies by asset type, but the question is worth asking early.

What to Do Next

If your client holds a concentrated or appreciated position and charitable planning hasn't come up yet, this is the conversation to start.

You don't need to have all the answers. You need to ask the right question at the right time, and know where to go from there.



For publicly traded securities and straightforward appreciated assets:

Start with a DAF. The contribution path is well-established, execution is fast, and the tax benefit is immediate. Ren's platform powers the infrastructure behind 60%+ of U.S. DAFs.

For complex, illiquid, or unusual assets:

Engage Ren's complex asset team early. Private equity interests, real estate, restricted stock, and unusual property types require specialized structuring, valuation guidance, and transfer logistics that go beyond a standard contribution.

Start the conversation

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