

Getting Creative: Unusual Noncash Assets Can Make Great Gifts to Charity

If you're like many advisors, you may have discovered that often charitable giving conversations begin (and end!) with cash or appreciated stock. And of course, you are well aware that appreciated stock is an excellent choice for your clients to fund a donor-advised or other type of fund at the Chester County Community Foundation because it may avoid capital gains tax while also possibly triggering eligibility for a charitable [deduction](#) at fair market value.



But for some clients—especially business owners, collectors, and affluent retirees—valuable assets may take a different form entirely. Boats, airplanes, cars, RVs, and other tangible property can represent a mixed bag of characteristics: significant wealth, ongoing maintenance costs, and emotional attachment, all of which may add up to a charitable giving opportunity. These situations may no longer be one-off cases. Classic cars are a notable example, with some estimates tallying the total at more than 43 million vehicles in the United States alone—an [estimated](#) \$1 trillion in total insurable value!

Here are four tips to consider as you work with your charitable clients.

Always reach out to the Chester County Community Foundation

Anytime you're dealing with a charitable client, please reach out to the Community Foundation to explore your client's options. Your clients may be surprised to learn that public charities, such as the Chester County Community Foundation, can accept a wide range of noncash assets, provided the assets can be evaluated, valued, transferred, and ultimately liquidated to support your clients' charitable goals.

Ask questions beyond balance sheet basics

Clients may forget to mention that they own highly appreciated noncash assets. As clients prepare to meet with you, they are often so focused on gathering investment statements and real estate information that they forget about classic cars, RVs, planes, and boats! Comprehensive conversations are especially timely as many affluent households continue to hold substantial wealth [outside](#) of traditional investment portfolios. Recreational assets purchased years ago may now hold significant value while also generating ongoing expenses, storage concerns, and succession-planning questions. Clients who are downsizing or simplifying during retirement may welcome charitable strategies that transform underused assets into community impact.

Build your client's charitable plan *prior* to a sale

When you spot unusual assets on a client's balance sheet, and you know your client is charitable, it's important to consider the possibilities. A client preparing to sell a classic car or boat, for example, could incur significant capital gains tax if the asset has appreciated in value. Contributing the asset to a fund at the Community Foundation before a sale may help reduce or eliminate those taxes while also generating funds to support charitable causes the client cares about.

Pay attention to the rules

Gifts of [noncash assets](#) require careful coordination. Unlike publicly traded securities, these assets involve additional due diligence. Title transfers, appraisals, environmental reviews for real estate, insurance considerations, debt obligations, marketability, and liquidation logistics all require attention. The IRS also imposes specific substantiation and reporting [requirements](#) for charitable deductions involving noncash gifts.

Our team at the Chester County Community Foundation is happy to work alongside you and clients' other attorneys, CPAs, valuation experts, and financial advisors to determine whether proposed gifts are feasible and which structures might be best. In many cases, the Community Foundation can accept the asset and facilitate its sale.

The bottom line here is that for a charitable client, using a much-loved car collection, boat, or other luxury asset to support favorite causes and address community needs may be far more appealing than knowing the asset could sit in storage for years and years, with no end in sight to the maintenance expenses. You can add tremendous value by helping your clients consider whether highly specialized collections and "passion assets" are better suited for charitable planning than for transfer through an estate, especially when heirs may not share the same interest in maintaining or managing them. Whether your client owns a rare bicycle collection, antique toy collection, classic cars, or a country music producer's private library, conversations about donating unusual assets can help clients simplify their estates, support charitable priorities, and avoid placing the emotional and logistical burden of niche collections on the next generation.

Please reach out anytime!

For more information, contact the Chester County Community Foundation:

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The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.