Utilizing business success to empower global philanthropy

Wilfong Meyer Gage Group

How The Wilfong Meyer Gage Group and tax-efficient financial planning helped realize a dream

The situation

Our client was the founder and sole owner of a manufacturing company. With no apparent transition plan, he grappled with what to do with the business he had built over 40 years of hard work.

He matched his business acumen with his big heart. His biggest concern as he grew older was whether he could continue to give significantly to charitable causes. He wondered: how could he generate enough income to remain generous if he was not operating the business?

With his retirement on the horizon, we began strategizing for ways to optimize the outcome. Through our conversations, we found out he had a passion for education and faith-based initiatives. Knowing he wanted to make a significant contribution toward these causes, we introduced a solution: Sell his business and donate shares prior to the deal closing, as opposed to donating cash afterward.

The strategy

We first met with a local foundation's team to educate our client about a Donor-Advised Fund (DAF). We then introduced him to the UBS Boutique Investment Bank Network to sell his business.

Next, we did the math to fully evaluate potential impacts:

- Our client's gross proceeds at sale were going to be approximately $20 million, of which 100% would be taxable as long-term capital gains.
- By planning ahead and donating 25% of his shares to a DAF before the sale of his business was completed, our client was able to maximize his charitable gift, pay less in taxes, and increase his net proceeds.
- Through the DAF, our client then had over $5 million to support both local and global charities .
- To be more precise, if our client waited to make his $5 million charitable gift until after the deal was completed at $20 million in gross proceeds, he would have owed $4.6 million in taxes. His post sale proceeds would have totaled $15.4 million and his post gift proceeds would have totaled $10.4 million.
- In comparison, utilizing the DAF, the client gave $5 million away prior to the transaction, leaving the deal value at $15 million in gross proceeds where he owed just over $3.4 million in taxes and his post gift proceeds totaled $11.5 million.

The future

We helped our client achieve his goal to maximize his philanthropic impact while creating liquidity that established a long-standing legacy for his family.

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