



Make the most of your bitcoin

As an early adopter of Bitcoin, Alex has seen his cryptocurrency's value skyrocket - up nearly 800% in the past year. Rather than risking loss in a volatile downturn, Alex wanted to use his appreciated asset as a force for good. The only thing holding him back was the looming capital gains tax he knew he'd be subjected to upon selling. Then he heard how Fidelity Charitable could accept bitcoin as a charitable contribution.

Potential benefits of contributing bitcoin directly to Fidelity Charitable®

- Provide more money to charity
- Minimize capital gains tax exposure
- Take a tax deduction

What's Inside

Maximize your charitable giving	2
Supporting charities is accessible, simple, and effective.....	2
By the numbers	3



Maximize your charitable giving

He made a contribution of bitcoin in-kind, which was worth about \$250,000 at the time, to Fidelity Charitable®, as opposed to selling the bitcoin and donating the after-tax proceeds.

Fidelity Charitable, a tax-exempt public charity, sold the bitcoin without having to pay any capital gains tax. In addition, Alex would generally be entitled to claim a fair market value tax deduction for the contribution.¹ As a result, Alex is able to support his favorite charities by way of grant recommendations, and he could claim a higher deduction than if he only donated the after-tax proceeds of his sale of the bitcoin.

Reach rewarding results

Due to these tax efficiencies, with his Fidelity Charitable Giving Account®, Alex was able to dedicate an additional \$57,120 to charitable use.²



Alex took a charitable tax deduction of

\$250,000



Additional amount dedicated to charity

\$57,120

Supporting charities is accessible, simple, and effective

Alex realized that by contributing bitcoin to Fidelity Charitable he could avoid paying capital gains tax on the sale of the bitcoin and claim a higher tax deduction than if he sold the bitcoin and donated the after-tax proceeds.

Furthermore, after the bitcoin contribution was accepted, Fidelity Charitable sold the bitcoin and allocated the cash proceeds to Alex's Giving Account® without fees being taken

from the proceeds. This enabled Alex to recommend a sizeable grant to the cancer center. He also realized that he would have additional funds available for a grant recommendation next year to his alma mater. Alex was pleased with the ease and efficiency that was made possible by using his Giving Account® and contributing bitcoin electronically.

By the numbers

Donating Versus Selling



Value of Alex's bitcoin³

\$250,000

Original purchase price²

\$10,000

Alex's federal long-term capital gains rate⁴

23.8%

Alex sells his bitcoin and donates
the after tax proceeds



Alex donates his bitcoin directly
to Fidelity Charitable[®]

\$250,000

Fair market value of bitcoin

\$250,000

\$57,120

Long-term capital gains tax paid

\$0

192,880

Charitable contribution

\$250,000



Alex took a charitable tax deduction of

\$250,000



Additional amount dedicated to charity

\$57,120

Interested in doing something like this?

If a donation scenario like Alex's sounds like it could fit your personal situation, know that Fidelity Charitable has the experience and technical expertise to help. Fidelity Charitable can:



Simplify the process of contributing long-term appreciated assets



Help achieve the most favorable tax consequences with the greatest charitable impact



Guide the entire asset contribution process



Work with you and your advisors to determine which assets might be best to contribute

To learn more, please contact your financial advisor or Fidelity Charitable at 800-262-6039.

This hypothetical case study is provided for illustrative purposes only. It does not represent an actual donor, but is meant to provide an example of how a donor-advised fund can help individuals give significantly more for the causes they care about.

¹ In order to claim a charitable income tax deduction for a contribution of bitcoin valued at more than \$5,000 a donor will be required to obtain a valuation to substantiate the value of their claimed deduction.

² Assuming a contribution of 100 bitcoin. Alex's tax basis is assumed to be \$100/bitcoin. If Alex sold 100 bitcoin for \$250,000, he would have \$240,000 in capital gains and would pay \$57,120 in tax.

³ Amount of the tax deduction shown is the fair market value of Alex's appreciated property that he has held more than one year before donating.

⁴ This assumes Alex's bitcoin is a capital asset and that all realized gains are subject to the maximum federal long-term capital gain tax rate of 20% and the Medicare surtax of 3.8%. This does not take into account state or local taxes, if any.

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