

Gift of appreciated stock to charity



Wealth Management

If you are considering a charitable contribution this year, it is in your best interest to seek out the most effective manner in which your money can work for you. Gifting appreciated stock is one of the most effective means of tax savings available.

The benefits of gifting appreciated stock

1. The satisfaction of knowing your money is invested in a cause important to you.
2. Capital gains taxes on the stock are avoided.
3. You will be eligible to receive an income tax charitable deduction for the full fair-market-value of the stock at the time of the gift.

To qualify for these special tax advantages, the security must have been held for at least one year. A gift of stock in certificate form should be postmarked by December 31, or your financial advisor can arrange for a year-end gift of stock from your account.

Your gift of appreciated stock is fully deductible up to 30% of your adjusted gross income. For example, if your adjusted gross income is \$100,000, up to \$30,000 of long-term appreciated stock and other capital gain property may generally be deducted. Any excess can generally be carried forward and deducted over as many as five subsequent years.

How giving away \$10,000 in stock can benefit you

Take a look at the tax savings of donating securities versus a cash gift. The chart below assumes you wish to donate shares of stock worth \$10,000 that you purchased for \$2,000 several years ago.

	Donate appreciated securities outright	Donate \$10,000 cash	Sell securities and donate cash
Charitable deduction	\$10,000	\$10,000	\$10,000
Ordinary income tax savings (assumes 35% rate)	\$3,500	\$3,500	\$3,500
Capital gains tax paid (assumes 15% tax rate on \$8,000 gain)	\$1,200 saved	N/A	\$1,200 paid
Net tax savings	\$4,700	\$3,500	\$2,300

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