

To the extent necessary, you can use your charitable deduction in the year of the gift and up to five carry over years. As an example, if your adjusted gross income for the year is \$100,000, up to \$30,000 of long-term appreciated stock given to charitable institutions and organizations is deductible this year; any amount over \$30,000 may be carried forward for up to five additional years.

**Q. Can I contribute stock in a closely held corporation?**

A. Yes, and there can be significant tax advantages for making such a gift. We will assist you in the proper procedures to follow.

**Q. Can I contribute stock that has depreciated, rather than appreciated, in value?**

A. It would be more tax advantageous to sell the depreciated stock, thereby establishing a capital loss, and then contribute the cash proceeds to us.

**Q. I have heard that I can actually increase my income by making a charitable gift of appreciated stock. How is that possible?**

A. If you own stock which currently provides you with a low annual yield, maybe 2%-3% or less, a “life income” gift may be appropriate. You could transfer the stock to us and establish a trust that would provide you with a 5% or greater annual return. This

income would be paid to you and/or a loved one for life, after which the assets would be distributed outright to us. Through such an arrangement, you would be increasing your income and making a meaningful (and tax-deductible) contribution to us at the same time.

*Example: Suppose Mr. Dennis, age 78, purchased some stock many years ago for \$10,000 and that the stock is now worth \$100,000. But, he receives only \$3,000 per year in dividends, or a 3% yield. By transferring the stock to a charitable trust and specifying that he wanted a 6% return for life, he could:*

- 1. Increase his annual income by 100%, from \$3,000 to \$6,000;*
- 2. Avoid the capital gains taxes that would otherwise be incurred on a sale of the stock; and*
- 3. Be entitled to a charitable contribution deduction of more than half of what he transferred to the trust. (The precise amount of the deduction depends upon the age of the donor, the rate of return specified in the trust, and other factors.)*

The information contained in this brochure is general in nature. Check with your accountant, stock broker, or other tax advisor for how this general information might apply to your particular situation. We would be pleased to provide you and your advisors with additional information. For your interest and support, we are most grateful.

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## Gifts Of Stock

A brief guide to the significant tax advantages

Do you own stock that has appreciated in value over the years? Are you concerned about paying a large capital gains tax should you decide to sell the stock? Are you interested in helping us at the same time? If so, a good alternative to selling the stock is to contribute the stock to us.

Current tax laws make it possible for you to make a charitable gift of stock at a remarkably low after-tax cost. This tax savings is achieved in two ways. First, you pay no capital gains tax upon the transfer of stock to us. Second, you receive an income tax charitable deduction for the full fair market value of the stock on the date of the gift (assuming you have held the stock for longer than twelve months).

*Example: Mrs. Collier purchased some stock many years ago for \$1,000. It is now worth \$10,000. An outright gift of the stock to us would result in a charitable contribution deduction of \$10,000. In addition, there is no tax on the \$9,000 of appreciation.*

## QUESTIONS AND ANSWERS

Here are answers to some of the questions we are frequently asked about gifts of stock.

### **Q. How do I determine the charitable contribution amount for a gift of appreciated stock?**

A. For stock regularly traded on a stock exchange, the charitable deduction is determined by using the average between the high and the low price on the date of



the gift. For over-the-counter stock, use the average between the closing bid and asked prices on the date of the gift.

### **Q. How can I deliver the stock to you?**

A. There are three commonly used methods: (1) by hand; (2) by mail; and (3) through a broker. (1) When you deliver stock by hand, you can either endorse the back of the stock certificate(s) in our presence or sign a separate stock power. If you cannot or do not wish to deliver the stock to us by hand at our offices, we may be able to arrange a meeting with you at your home. (2) If you are delivering the stock by mail, we recommend that you send the stock certificate(s) and the signed stock power(s) in separate envelopes. We further recommend that the stock certificate(s) be sent by registered or certified mail, return receipt requested. Please enclose a cover letter providing your name, address, and telephone number along with any designated purpose for which the gift is being made. We will need a separate stock power form for each certificate of stock; be sure to sign the stock power(s) exactly as the name reads on the stock certificate. Do not fill in our name

on the stock power. Stock power forms are available from us or from your banker or broker. (3) If you are delivering stock to us through a broker, instruct your broker to hold the stock for our account; do not instruct your broker to sell the stock, either in your name or in our name. Your broker should immediately give us a call for further instructions. If you have questions about any of these three methods, please do not hesitate to give us a call.

### **Q. What date controls for valuing a gift of stock?**

A. It depends upon the method of delivery. (1) If the stock is delivered by hand, the date of physical delivery to us controls. (2) If the stock is mailed, the postmark date controls, assuming the stock certificate(s) and stock power(s) are received in due course. (3) If the stock is delivered through a broker, the date the broker transfers the stock into an account in our name is generally the date that controls.

### **Q. I am considering making a rather sizeable gift of appreciated stock. May I utilize all of the charitable deduction this year?**

A. Charitable deductions for gifts of stock and other appreciated property may be utilized up to 30% of your adjusted gross income in the year of the gift. If you make a sizeable gift, you may have to carry over part of your deduction to succeeding years.