



## Gifting Appreciated Stock to Charity

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 – courtesy of today’s tax laws. The benefits of gifting appreciated stock are as follows:

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 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 income is \$100,000, up to \$30,000 of long –term appreciated stock and other capital gain property may generally be deducted, although high-income donors may be subject to a partial phase-out of itemized deductions. 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!

The chart below assumes you wish to make a donation of \$10,000 and you have stock shares worth \$10,000 that you purchased over one year ago. Your options are as follows:

1. Donate \$10,000 cash and keep the appreciated securities.
2. Sell the securities and donate \$10,000.
3. Donate the appreciated securities outright.

	Donate \$10,000 cash	Sell securities and donate cash	Donate appreciated securities outright
Charitable Deduction on tax return	\$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)	N/A	\$1200 paid	\$1,200 saved
Net Tax Savings	\$3,500	\$2,300	\$4,700

The Reading Berks Basketball Association, Inc. is a 501(c)(3) non-profit that has a relationship with a broker to accept appreciated securities. If you have questions, call President, John Crossan, at 610-207-1314 or email at [JPCrossan@yahoo.com](mailto:JPCrossan@yahoo.com). Thank you for considering the RBBA as a possible recipient for your charitable giving.

This same concept of donating other appreciated assets applies if those assets have capital gains tax implications. Thus, appreciated assets can be among the most tax-advantaged items to contribute to charity because you enjoy a current year tax deduction and avoid payment of capital gains taxes on their sale or conveyance. Consult your tax advisor for advice on appreciated assets.