

Gifts of Stock and Securities



Description

Donating long-term appreciated securities directly to Camp Fire First Texas, rather than selling the assets and then donating the cash proceeds, is one of the best and easiest ways for donors to give more. By taking advantage of the applicable tax incentives, donors can significantly increase the amount of funds available to them for charitable giving.

Key characteristics

- One of the most tax-efficient ways to give to Camp Fire
- Completely eliminate capital gains tax for gifts of securities
- Immediate tax deduction for full value of contribution

Details

A charitable contribution of long-term appreciated securities – i.e.; stocks, bonds and/or mutual funds that have realized significant appreciation over time – is one of the most tax-efficient of all ways to give. This method of giving has become increasingly popular in recent years.

Any long-term appreciated securities with unrealized gains (meaning they were purchased over a year ago, and have a current value greater than their original cost) may be donated to a public charity and a tax deduction taken for the full fair market value of the securities – up to 30% of the donor's adjusted gross income.

Since the securities are donated rather than sold, capital gains taxes from selling the securities no longer apply. The more appreciation the securities have, the greater the tax savings will be. Here's an example of what the numbers might look like if you're in the 28% tax bracket and you want to donate \$100,000 worth of stock.*

EXAMPLE	Donate net proceeds of stock	Donate stock directly
Current fair market value of securities	1,000 shares · \$100/ share = \$100,000	1,000 shares · \$100/ share = \$100,000
Long-term capital gains tax paid or avoided ¹	\$14,250 paid	\$14,250 avoided
Amount donated to charity (cash or value of stock)	\$85,750	\$100,000
Personal income tax savings ² (0.28 · amount donated)	\$24,010	\$28,000

1. Assumes cost basis of \$5,000, that the investment has been held for more than a year, and that all realized gains are subject to a 15% long-term capital gains tax rate. Does not take into account any state or local taxes.
2. Assumes donor is in the 28% federal income tax bracket, and does not take into account any state or local taxes. Certain federal income tax deductions, including the charitable contribution, are available only to taxpayers who itemize deductions, and may be subject to reduction for taxpayers with an adjusted gross income (AGI) above certain levels. In addition, deductions for charitable contributions may be limited based on the type of property donated, the type of charity, and the donor's AGI.

* The Council reserves the right to refuse any proposed gift. Unless otherwise approved by Camp Fire First Texas, gifts may not be directly or indirectly subjected by a donor to any material restriction or condition that would prevent the Council from freely and effectively employing the transferred asset, or the income derived therefrom, in furtherance of its exempt purposes.

Fidelity Charitable. Donate Long-Term Appreciated Securities. Web. 9 June 2015. <<http://www.fidelitycharitable.org/giving-strategies/tax-estate-planning/appreciated-securities.shtml>>

Rande Spiegelman. Schwab. Charitable Donations: The Basics of Giving. Web. 9 June 2015 <<http://www.schwab.com/public/schwab/nn/articles/Charitable-Donations-The-Basics-of-Giving>>

