

# Giving the Gift of Stock



*Giving to charity is much easier than it used to be. In fact, you don't have to get out your checkbook or credit card to be generous. You can give the gift of appreciated stock – one of the most effective means of tax savings available.*

**How it works:** When you donate investments, you can deduct the full value of the asset on your taxes and the charity gets the full benefit as well.

You may realize a tax deduction for the full market value of the appreciated stock, while avoiding the capital gains tax that would otherwise arise from the sale of the stock.

And what about selling appreciated stock? For example, you bought shares 10 years ago for \$1,000, and now they are worth \$2,000. If you simply sell the shares, you have a capital gain of \$1,000, and depending on tax codes, you could pay taxes on that, too. Now let's say instead of donating cash, you donate the stock? You keep that \$2,000 would-be donation in your bank account (leaving it free for use however you want – even reinvesting), and you transfer ownership of the shares to the charity. You get to claim the entire \$2,000 as a deduction on your taxes, but you don't have to pay any capital gains tax. You receive the full deduction for a charitable contribution, and it isn't partially offset by your capital gains tax bill. This can be a great way to strategize at the end of the year if you have some appreciated shares you want to redeem, whether you are looking for cash, or whether you are trying to rebalance your portfolio.

If it's a losing stock, it's better to sell it and give the cash. If the stock has lost value, it's better to sell the stock first and give the cash to the charity.

[\*adapted from *How to Give Stock to Charity*, by Miranda Marquit, U.S. News & World Report. The material presented on this page is not offered as legal or tax advice. Please seek the counsel of your tax advisor, attorney and/or financial planner to review tax calculations.]

## 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.

## Ready to gift stock?

Your broker or financial advisor can assist you in making a gift of stock with a direct transfer to CFSW. Download the *Stock Transfer Form* at [www.cfsw.org](http://www.cfsw.org) under the Professional Advisors menu tab and follow instructions to formalize and execute your charitable gift.

In Janesville (608)758-0883 / (800) 995-2379  
In Monroe (608) 328-4060 In Platteville (608) 778-3344

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