



## GIFTS OF APPRECIATED SECURITIES

For many individuals, the most appreciated assets are marketable stocks, bonds, and mutual funds. If you are holding stocks, bonds, or mutual fund shares that have risen in value, a gift of appreciated securities to the Arts Council of Moore County may be beneficial for both you and the community.

By transferring your appreciated securities to the Arts Council, you eliminate the capital gains tax typically paid on your growth and receive a tax deduction for your gift. Many times, you can leverage a larger donation if you use an appreciated asset instead of a cash gift to make your gift.

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**Example:** You own stock with a fair market value of \$100,000 that you purchased for \$30,000.

If you contribute that stock to the Arts Council of Moore County, you can claim a charitable income tax deduction for the full \$100,000. In addition, you will not be liable for tax on the \$70,000 capital gains upon transfer of the stock, which would be \$16,660 (at highest current 23.8% tax rates).

If you sell the stock first, then contribute the proceeds to the Arts Council, you are subject to the capital gains tax on the \$70,000 or \$16,660, maybe at the top capital gains tax rate of 23.8%.

By donating appreciated stock instead of cash, you have delivered \$100,000 to the Arts Council, secured an income tax deduction, avoided capital gains tax at a net cost of \$76,000 [\$100,000 - \$24,000] tax savings in the 24% federal bracket, plus any state income tax savings.

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**Q. Can I deduct the full amount of my gift?** Yes, within this limitation: the Internal Revenue Service (IRS) states that you may deduct gifts of appreciated assets up to 30% of your adjusted gross income (AGI – the figure at the bottom of the first page of form 1040).

Thus, if your AGI will be \$100,000 this year, you may be able to deduct up to \$30,000 in gifts of stock. A gift more than 30% is not wasted, however, because the IRS allows you to carry forward excess deductions through the five tax years following the year of your gift.

Your security will be valued by taking the average of the high and low prices on the date of the transfer to Arts Council. For example, if the high bid was \$80 and the low bid was \$70, your tax deduction would be based on \$75 per share.

If your security is held by your financial advisor, your gift is considered complete when the security reaches the Arts Council's account. If you hold the security yourself and mail it to the Arts Council, it is based on the envelope's postmark date or when ownership is transferred into the Arts Council's name.

**Q. How should I transfer securities to the Arts Council?**

Use the form at this link [Electronic Transfer Form for Appreciated Assets](#) to send to your broker an authorization to transfer securities from your account to the Arts Council, or call one of the numbers below for further information.

**Important:** Don't sell the stock first. Even though you give us the proceeds as a gift the IRS will impose capital gains tax on your sale, wiping out the major benefits of this arrangement.

**Contacts for additional information:**

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NOTE: This information is taken from sources believed to be reliable but is not guaranteed as to completeness or accuracy. You are urged to seek the advice of your financial planner, attorney, and/or tax advisor to make certain a contemplated gift fits well into your overall circumstances and planning.