
Giving Smart by Giving Stock



Photo: Rebecca E. Rollins / Partners In Health

The international surgical team says a prayer prior to prep and separation of twin girls, Marian and Michelle, conjoined at the mid-section/liver, at University Hospital in Mirebalais, Haiti on May 22, 2015

Choose Wisely When Giving Assets

Choosing the most tax-wise assets to use when making charitable gifts can result in significant tax savings. By maximizing your tax benefits, you might find you are able to support programs and have impact you never thought possible with the resources you have. Assets that have appreciated in value should always be considered first for use when making a charitable gift. The most frequently used non-cash assets for these gifts are stocks and mutual funds.

Understanding the Tax Laws

The tax laws are advantageous for gifts to charity of stock and stock mutual funds (and bonds) that have (1) appreciated in value; and (2) you have owned for at least one year. By giving appreciated securities qualifying for long-term capital gain tax treatment, you avoid paying capital gain taxes that would be due had you sold the shares. You will receive an income tax charitable deduction for the fair market value of the shares transferred, the same as you would receive had you made the gift by writing a check. Once the shares are transferred to us, we will promptly sell them and pay no taxes as we are tax exempt.

EXAMPLE

Samantha wants to make a \$10,000 gift to a favorite charity. She has cash and could write a check for \$10,000. For many years she has owned shares of stock that have appreciated significantly. After Samantha consulted with her tax advisor, she decides to give \$10,000 worth of stock. The shares she is giving cost Samantha \$1,000

Cash Gifts vs. Stock Gifts

	Cash Gift	Stock Gift
a. Gift value	\$10,000	\$10,000
b. Income tax deduction	\$10,000	\$10,000
c. Income saved (at 39.6% rate)	\$3,960	\$3,960
d. Purchase price	-	\$1,000
e. Increase in value (a-d)	-	\$9,000
f. Tax avoided on gain (at 20% rate)	-	\$1,800
g. Total tax savings (c+f)	\$3,960	\$5,760

Caveat

You must follow the IRS rules to receive the tax advantages of giving appreciated stock:

- The shares must be transferred to us, to be sold by us. If you sell the shares first and transfer the cash, you must pay the capital gain taxes.
- You must have owned the shares for at least one year. If you owned the shares for less than one year, then you can only deduct the lesser of the market value on the date of the gift or the cost basis of the shares (i.e. what you paid for the shares).
- To get the benefit of the income tax charitable deduction, you must itemize deductions on your federal income tax return.

Tax Strategies

- If the stock or mutual funds have gone down in value, then you should sell the shares and give cash to us. That way you can deduct on your personal tax return the capital loss.
- Perhaps you own shares of stock in a company that have appreciated considerably in value, but you are reluctant to give them because you think the shares will appreciate further. If you have cash to purchase replacement shares of the stock, then use the shares you currently own to make your gift to us. Then use your cash to purchase replacement shares at the current market value. By doing this you will have avoided paying capital gains on the shares you donated, and you will have acquired new shares in the company with a new – and higher - cost basis.

To Make a Gift of Securities Using Wire Transfer

1. Please contact Laura Sidla at 857-880-5717 or at plannedgiving@pih.org to let us know the name of the securities that you wish to transfer and the purpose for which you want your gift to be used. It is important that you inform us that you are transferring securities so that we can properly acknowledge your gift.
2. Contact your broker and provide contact information for Laura Sidla and also the name and contact information for our broker, provided below.

Bank Name: Fidelity

Transfer to: National Financial Services Corporation

1-800-544-5704

Beneficiary: Partners In Health, A Nonprofit Corporation

Account number: Z75920177 (the first digit is “Z” as in Zebra)

DTC Number: 0226

NEXT STEPS:

To make a gift of securities if you are in physical possession of the certificates, please contact, Laura Sidla.

- call (857) 880-5717
- email plannedgiving@pih.org

* Note: In order to avoid incurring capital gains on a sale of appreciated securities, do not instruct your custodian to sell them. Please request that your custodian transfer your securities directly to our account at <broker> as shown above. This publication provides general legal, tax, and financial planning information. When considering gifts of this type, please consult your legal and/or other professional advisors..



By supporting Partners In Health with your philanthropic donations, you help us provide high-quality health care to those who would otherwise go without.

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