The "J"eneration Society
לדור ודור

KAPLEN JCC on the Palisades

Tax Smart Ways to Give - Gifts of Stock

When you donate long-term appreciated securities, you can claim a charitable income tax deduction for the fair market value of the securities on the date of transfer, no matter what you originally paid for them. You pay no capital gains tax on the transfer.

Donating the stock results in no capitals gains tax being paid, a larger itemized deduction, and more money for the charity of your choice. That's a win-win!

IF THE SECURITIES HAVE APPRECIATED

If the securities originally cost $2,000 and now have a fair market value of $10,000, you do not pay tax on the $8,000 gain. You may, however, claim a charitable income tax deduction for the full $10,000.

IF THE SECURITIES HAVE DEPRECIATED

In this case, it is usually better to sell first. By doing so, you can take the capital loss for tax purposes and then donate the cash.

This example assumes 35% tax bracket, a cost basis of $2,000, that the investment has been held for more than a year, and that all realized gains are subject to a 20% long-term capital gains tax rate. This does not take into account any state or local taxes.

The content here is general in nature and intended to be used for informational purposes only. It should not be relied upon as legal, tax, accounting or other professional advice. To determine how a estate planning decision might affect your particular circumstances, it is expressly recommended that you consult an attorney, financial advisor or other qualified professional.