

Keys to Effective Charitable Giving

GIFTS OF APPRECIATED SECURITIES

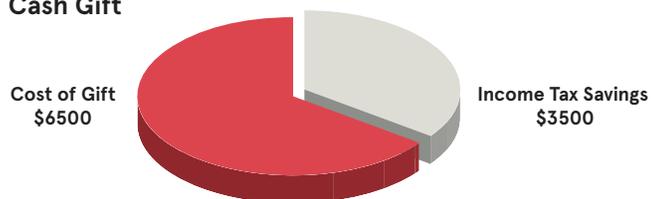
When most people are asked to make a charitable gift, they reach for their checkbooks. Why? Because giving cash is simple and convenient. For small gifts, giving cash certainly makes sense; but when the donation gets larger, you should consider giving appreciated assets such as publicly traded stocks or mutual funds.



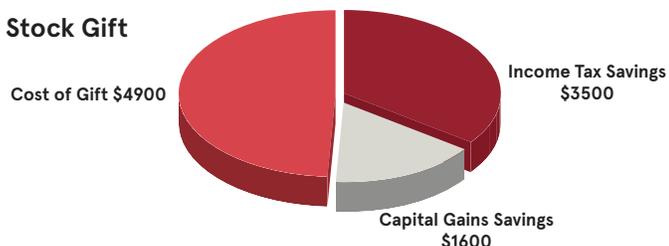
Giving Cash

Suppose you would like to make a \$10,000 gift to your favorite charitable organization. If you write a check for \$10,000, you will receive a \$10,000 charitable income tax deduction. If you are in a 35% income tax bracket (federal and state) and itemize your deductions, you will reduce your taxes by \$3,500 ($\$10,000 \times 35\%$). The net cost of your gift will be \$6,500 ($\$10,000 - \$3,500$)

Cash Gift



Stock Gift



Giving Appreciated Securities

Now, suppose instead of giving cash, you donate \$10,000 of publicly traded stock you purchased 10 years ago for \$2,000. First, just like a gift of cash, you will be able to claim a \$10,000 income tax charitable deduction, thereby reducing your taxes by the same \$3,500. (See footnote on reverse side.) In addition, you will avoid paying the capital gains tax you would have paid if you had sold the stock rather than given it to charity. If you sell the stock, you will realize an \$8,000 long-term capital gain.

If you are in a (federal and state) 20% capital gains tax bracket, you will pay \$1,600 ($\$8,000 \times 20\%$) in capital gains tax. However, by donating the stock instead, you will forever eliminate this potential tax liability.

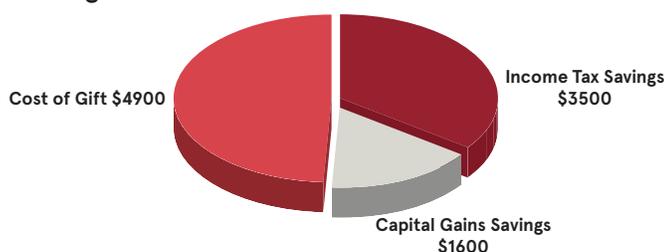
By giving stock instead of cash, the net cost of your gift will be further reduced from \$6,500 to \$4,900!

How Much More Can You Give?

If giving \$10,000 cash costs \$6,500 after taxes, how much more stock can you give for the same after-tax cost as giving cash by taking into consideration your additional capital gains tax savings? Based on these assumptions, you can give \$13,265, nearly 33% more!

So, by funding your charitable gifts with appreciated securities, you can either give the same amount for a lower tax cost (\$4,900 vs. \$6,500), or give more for the same after-tax cost as giving cash (\$13,265 vs. \$10,000). The choice is yours!

Leveraged Stock Gift



Giving Stock You Want to Keep

If you own highly appreciated stock you would like to keep, consider still funding your charitable gifts with that stock and then use the cash you would have donated to purchase new shares of the same stock, even on the same day! You will increase the cost basis in your newly re-purchased shares to the new re-purchase price. That can save more taxes later.

Transferring Stock Shares to Campus Crusade for Christ International®.

FBO: Jesus Film Project®, 100 Lake Hart Drive #2400, Orlando, FL 32832

DTC Routing Number: 0164 Charles Schwab To Account Number: 2063-5405

Federal Tax ID Number: 95-6006173

Footnote:

The amount of charitable deduction you can claim in any one year is limited to a percentage of your adjusted gross income. For gifts of cash to public charities, the limit is 50% of your adjusted gross income. For gifts of long-term capital gain property, the limit is 30%. In both cases, any deduction that exceeds the amount you can claim in the year of your gift due to these limitations can be carried over.

The information above is for general education and not professional tax or legal advice. Please contact a professional tax advisor about your specific situation.