

DONATING APPRECIATED STOCK TO CHARITIES

FOSTERFINANCIALGROUP.COM

SMART GIVING

The most common and convenient way to make a charitable donation is by writing a check. But donating appreciated stock instead might save you money on taxes and increase how much you are able to give.

REASONS TO GIFT STOCK

1. Avoid long-term capital gains

Most taxpayers are subject to a 15% capital gains tax rate on long-term capital gains. But when you donate appreciated stock to charities, you generally avoid the capital gains tax. And, in turn, the charity receives a larger donation. Consider the following hypothetical example:



AT A GLANCE REASONS

- Give more by avoiding capital gains
- Rebalance portfolio tax-efficiently
- Reduce future capital gains

2. Tax efficient way to rebalance portfolio

Over time, as your investments grow at different rates, your portfolio can be overweight in one particular holding or asset class. When this happens, your account needs to be rebalanced to help ensure future portfolio health. Donating appreciate stock instead of selling it is one way to avoid creating a tax liability when rebalancing your portfolio.

3. Reduce future capital gains

Instead of donating cash to a charity, donate appreciated stock and then use your cash to purchase the same amount of stock donated. The charity gets the same amount or more because there is no capital gains tax. But you now have a stepped-up cost basis in your stock position, which lowers your capital gains tax down the road.

HOW TO GIFT STOCK

All you need to do is let us know how much and to which charity you want to donate appreciated stock. We will look at your account and determine which holdings make the most sense to donate. Then, if the charity is set up to receive stock donations, we simply transfer the stock from your investment account to the charity. If the charity isn't set to receive donations, we work with an outside organization to facilitate the transfer.

