

# Gifts of Appreciated Stock

## Why give stock to UPH?

There are advantages to giving appreciated securities to UPH. Donating securities that have gone up in value and have been held more than 12 months can have a double tax benefit for you.

**How?** You may be able to deduct the full fair market value of your appreciated assets — not just what you paid originally — and save again by avoiding all capital gains taxes on your “paper profit.” Take the example of Mrs. Smith. The stock she purchased in 2003 for \$2,500 is now worth \$10,000. If Mrs. Smith gives the stock instead of cash, UPH receives a gift of

\$10,000 – the fair market value of the stock – and she can claim a \$10,000 charitable deduction on her next income tax return. **In 2013**, if she is in a 28% bracket, that’s a tax savings of \$2,800.

Further, she avoids \$1,125 in capital gains tax that would be due if she sold the stock (\$10,000 - \$2,500 = \$7,500 x 15%). Net result: Rather than giving an equivalent amount of cash, selling the stock, and paying \$1,125 in capital gains tax, she could give the stock to UPH and enjoy a \$3,925 tax savings on an investment that cost \$2,500.

The chart below shows the tax savings of this gift in the different tax brackets.

The potential tax savings from a gift (versus a sale) of securities purchased for \$2,500, held for at least 1 year + a day, and now worth \$10,000 is:							
Tax bracket	10%	15%	25%	28%	33%	35%	39.6%
Charitable deduction	\$1,000	\$1,500	\$2,500	\$2,800	\$3,300	\$3,500	\$3,960
Plus: long-term capital gains tax savings				\$1,125 (\$7,500 x 15%)			\$1,500 (\$7,500 x 20%)
Plus: Medicare surtax savings*					\$285 (\$7,500 x 3.8%)		\$285 (\$7,500 x 3.8%)
Total tax savings	\$1,000	\$1,500	\$3,625	\$3,925	\$4,710	\$4,910	\$5,745

\* The Medicare surtax applies to taxpayers with modified adjusted gross income of \$200,000 (individuals) or \$250,000 (couples).

**Valuation.** For an actively traded security, the value of your gift is the mean (*average*) between the high and low market quotations on the date you make your gift. The IRS defines “gift date” as the date that the securities pass unconditionally from your control. If transferred electronically, this is the date you instruct your broker in writing to make the transfer. Otherwise, it is the date of mailing or otherwise delivering the certificate(s) in negotiable form to UPH.

**Mutual fund shares.** The deduction is the public redemption value of the shares.

**Split certificates.** Your certificate held by you may be for more shares than you wish to contribute to UPH. If so, when you deliver the certificate, include instructions indicating the number of shares you are donating. Your instructions will be followed, and the corporation will issue and send you a new certificate — registered in the same way as the original certificate.

# Comparing the Benefits of Giving Cash or Securities

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**PROCEDURES FOR GIVING SECURITIES** when the security is in your name and held by you:

- 1) Instruct your broker to transfer your gift to the UPH account at:

RBC Wealth Management  
461 Clinton Street Extension  
Schenectady, NY 12305  
Attn: Jennifer Connors  
518-432-5086

DTC Participant #0235  
Account # 317-19523  
Universal Preservation Hall  
Code #40

- 2) Please have your bank or broker inform UPH directly of the transfer. Contact UPH with the following information:

Name of donor  
The name of the security  
The number of shares  
Date of the gift  
Fair market value

- 3) UPH will then instruct our broker to sell immediately.

**CASH:** A cash gift is the simplest way to make a contribution to UPH. Cash gifts are deductible for income tax purposes up to 50% of your adjusted gross income. A gift in excess of that limit can be carried forward as a deduction for up to five additional years.

**SECURITIES:** You may find it more beneficial to give securities that have appreciated in value. Securities can include closely held or publicly traded stock and mutual fund shares. If you sell appreciated securities, you will incur a taxable gain. By giving UPH securities that have been held more than 12 months, you receive a double tax benefit:

- You avoid capital gains tax on the appreciation.
- You receive a charitable income tax deduction for the full fair market value of the assets.

Gifts of appreciated securities are deductible up to 30% of your adjusted gross income. A gift in excess of that limit may be carried forward for up to five years.

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If you have questions, please contact:  
Teddy Foster, Campaign Manager  
518-584-2627

tfoster@universalpreservationhall.org  
25 Washington Street  
Saratoga Springs, NY 12866

# The Advantages Of Giving Appreciated Stock To UPH

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*We recommend you consult your tax advisor when considering a gift of appreciated securities.*