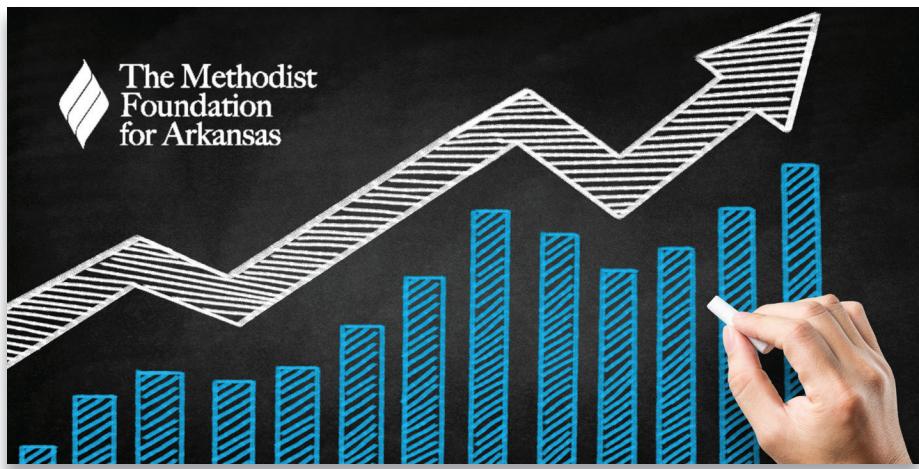


Charitable Opportunities with Stock

If your investment portfolio includes long-term highly appreciated stock, it may be your best asset to use for philanthropic giving.



When you support your favorite causes, you may instinctively reach for cash. But if you have stocks in your portfolio that have generated substantial gains over the past few years, using them for your charitable giving may work most effectively. Donating these non-cash assets could benefit ministries you value while enabling you to realize tax savings.

How does it work?

If you were to sell your long-term appreciated stock and donate the cash, you would owe capital gains tax. But if you donate the stock directly to a charity, such as the church, you avoid the capital gains tax and also become eligible for an immediate income tax deduction. You save on taxes while ensuring the full amount of the stock value supports the cause of your choice.

Many congregations do not have brokerage accounts, which is where the Methodist Foundation for Arkansas can help: The Foundation can liquidate your donated stock through its brokerage firm, then transfer the proceeds to the congregation or to a fund at the Foundation that benefits your chosen ministry. This process ensures you have the flexibility to determine how your gift will make an impact.

A hypothetical example:

Say you hold a highly appreciated security. When you purchased the stock, shares were priced around \$20 each. Since then, the stock price has risen dramatically and appreciated by 150%. Looking at the stock now, you see the price per share is \$50.

For this example, let's assume the original cost of the securities was \$20,000; they are now valued at \$50,000; and your combined Federal and state long-term capital gains rate is 23.9%.

In this scenario, donating the long-term appreciated stock to the church or a fund at the Foundation means your charitable gift is almost \$7,200 more than if you sold the stock and donated after-tax proceeds. It also means you are eligible to deduct almost \$7,200 more on your taxes.

The most appreciated stock in your portfolio is often the best to donate because it offers the greatest potential tax benefit. Your portfolio may contain powerful assets that you can use to make a difference while still managing your financial future wisely.

If you have held a highly appreciated stock for longer than one year and would like to make a philanthropic gift, consider donating the shares instead of cash. Ask your financial advisor to help you identify appreciated stocks in your portfolio as you consider making this move.

Want to know more? Contact the Foundation:

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methodistfoundationAR.org
501-664-8632 (statewide) or
479-957-3089 (Northwest Arkansas)

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