

Gifts of Stock

Cash or Securities?

When most people want to support the work of the RME with a gift, they reach for their checkbook. 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.

Advantages:

- Avoid capital gains tax on appreciation on securities held more than one year
- Charitable income tax deduction equal to full value of securities held more than one year, for those that itemize their federal tax returns. Deductibility is limited to 30% of Adjusted Gross Income (AGI) with a five-year carryover of amount in excess of this annual limitation

Idea:

- Make your annual gift a gift of stock
- Fund a gift annuity or charitable remainder trust with the RME as the residual beneficiary, or support an RME program of an endowment with stock to save taxes and increase the total value for distribution

What should I do if my stock has depreciated in value? Sell the stock and give the cash proceeds. You will be entitled to two deductions, one for the capital loss and the other for the charitable gift. Do not, however, give the depreciated stock directly to River Music Experience, as you will not be able to take a deduction for the capital loss.

What if I want to keep my stock portfolio as it is? If you are planning to make a gift - \$2,000 for example - and you also own appreciated stock that you want to retain, contribute \$2,000 worth of stock and repurchase the stock on the market with your cash. You receive the same \$2,000 charitable deduction, you pay no tax on the capital gain, and you increase your cost basis, thereby reducing the capital gains tax due when you eventually sell the stock.

For more information, contact:

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