Gifts of Appreciated Securities

Many people own appreciated securities, such as stock or mutual funds, but they often do not realize the benefits of giving these securities directly to a ministry like visionSynergy. It's usually more advantageous for an individual to give stock that has appreciated in value and been owned for at least 12 months plus a day than to sell the stock and give the proceeds. If you are considering a gift and own appreciated securities, consider giving stock instead of cash.

The best way to explain this is by example. If a couple owns stock valued at $30,000 for which they paid $10,000 more than 12 months ago, the stock can be transferred to a ministry which would sell it and receive $30,000 for ministry purposes. The individual gets a tax deduction of $30,000 (or technically the average of high and low trades for that stock on the date of the gift). If the couple is in the 25% tax bracket, they get a reduction in taxes of $7,500 (25% of $30,000). By giving the stock directly to the ministry, the gift will cost the couple only $22,500 ($30,000 gift minus $7,500 in tax savings).

If the couple sells the stock first for $30,000, they will have to pay 15% capital gains tax on the increase in value, or $3,000 (15% of $20,000). If they give the full $30,000 to the ministry, they will get the same tax reduction of $7,500, but the gift will cost the couple $25,500 instead of $22,500.

Even if the couple likes their stock and would like to keep it, but still plan to give to the ministry, it could be advantageous to give the stock anyway. On the day they make the gift of stock to the ministry, they can buy the same quantity of stock on the open market. They have now increased their cost basis from $10,000 to $30,000 (apart from any difference caused by fluctuations in the market that day). If they decide to sell the stock in over a year for $35,000, their capital gains tax will be only $750 (15% of $5,000) instead of $3,750 (15% of $25,000).

Keep in mind that donations of securities held 12 months or less are treated as short term capital gain property, meaning only the cost basis is tax deductible. Also remember that the securities must have appreciated in value since purchase. If the value has decreased, it may be more advantageous to sell the stock before giving to a ministry and take a capital loss on the tax return.

Everyone's situation is different. **Be sure to check with your tax advisor before giving securities. This educational illustration is not professional tax or legal advice.**

Your gift of stock, invested in the Kingdom, will reap a return for eternity, both for you and for the people reached through the partnerships and networks initiated by visionSynergy. You can't beat that kind of investment!

To make a gift of appreciated securities to visionSynergy, contact:
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