

From: Plateau True Light Christian Church (PTLCC) Finance Committee  
Subject: Donation of Appreciated Stock to a Charitable Organization

If you have appreciated stock, you should consider donating it from your investment portfolio instead of cash. You can increase your tax benefits from the donation, and PTLCC will be just as happy to receive the stock. This tax-planning tool is derived from the general rule that the deduction for a donation of property to charity is equal to the fair market value (FMV) of the donated property. Where the donated property is the "gain" on the property you owned for more than 1 year, the donor does not have to recognize the gain on the donated property, but can claim a charitable deduction on the current market value of the donated property.

#### Example

Tim and Tina are twins, each of whom attended Y University. Each plan to donate \$10,000 to the school. Each also owns \$10,000 worth of stock in ABC, Inc., which they each bought for just \$2,000 several years ago.

Tim sells his stock and donates the \$10,000 cash. He gets a \$10,000 charitable deduction, but must report his \$8,000 capital gain on the stock.

Tina donates the stock directly to the school. She gets the same \$10,000 charitable deduction and does not have to report any tax on the \$8,000 capital gain. The school is just as happy to receive the stock, which it can immediately sell for its \$10,000 value upon receipt of the stock.

Caution: While this plan works for Tina in the above example, it will not work if the stock has not been held for more than one year. It would be treated as "ordinary income property" for these purposes and the charitable deduction would be limited to the stock's \$2,000 cost. Check with your tax advisor if the stock you intend to donate comes from an Employee Stock Purchase Plan (ESPP), which may require a longer holding period.

Finally, depending on the amounts involved and the rest of your tax picture for the year, taking advantage of these tax benefits may trigger alternative minimum tax concerns.

If you have any other questions, please do not hesitate to contact the PTLCC Finance Deacons. Make sure that you pray and consult your tax advisor and/or IRS Publication 526 before you make any contribution of your appreciated assets. God, through the Bible, is our guidance. May God bless you all.

#### Disclosure

PTLCC does not provide investment or tax advice. Please consult your personal investment or tax advisor for specific questions. The examples in this memo are for educational purposes only.

#### Instructions

1. Call your investment advisor or investment firm and indicate that you would like to make a stock donation.
2. Information Required:
  - PTLCC's Fidelity brokerage account number: Z40346717
  - Fidelity's DTC stock transfer number is: 0226
3. Email the PTLCC Finance Committee (PTLCC1@hotmail.com) indicating your name, current mailing address, the name of the security, number of shares donated,
4. The PTLCC Finance Committee will issue a receipt of your donation with the date the security was received.