SETON HALL UNIVERSITY™

1856

THE BENEFITS OF DONATING APPRECIATED SECURITIES

As you plan to make your 2015 donation to Seton Hall University, a qualified charitable organization, the following information may prove useful to you when consider using appreciated securities as a fulfillment option:

Key Point to Remember

When donating appreciated securities to make your annual gift or to fulfill an existing commitment, make sure that the shares you choose to use have been **held for more than one year**.

The tax benefits for donating appreciated securities are attractive to donors, who are able to:

- deduct the full amount of the donation
- escape the unrealized gains on the stock

These rules create a "double play" of tax benefits: a charitable deduction **AND** avoiding tax on the unrealized capital gains of the donated securities.

ILLUSTRATION OF THE BENEFITS

Selling your appreciated securities, would require you to pay capital gains, which has a set tax rate for long-term capital of 15% for most individuals but up to 20% at certain income thresholds.

Let's say you purchased stock for $10,000 in May 2014, which today has a value of $20,000. You plan to donate the entire amount to Seton Hall University.

Key Point to Remember

Using stocks to fulfill commitments works best for donors whose marginal tax bracket is 15 percent or higher *and* who claim itemized deductions.

	CAPITAL GAINS	DEDUCTION
SELL STOCK/GIVE PROCEEDS	$1,500	$20,000, but with a higher cost to make gift
GIVE APPRECIATED STOCK*	$0	$20,000, generating $5,000 in tax savings

If the shares were held for a year or less, the shares would be treated as **ordinary income property** for these purposes, and the charitable deduction would be limited to the stock's COST BASIS (i.e., what you paid for it and not what it's worth now).

*As a donor in this illustration, you are making a gift that is **two times** greater than what the stocks originally cost you.