THE BENEFITS OF GIVING STOCKS & MUTUAL FUNDS

Giving long-term appreciated securities to a donor advised fund at InFaith Community Foundation is an easy and tax efficient way to support your favorite charities. Consider these benefits:

Give stock and mutual funds. When long-term appreciated securities are given to InFaith rather than sold by the donor, the donor bypasses capital gains taxes on the appreciated value.

Receive tax benefits. The donor benefits from a larger immediate charitable deduction.

More support to charities. Donor’s donor advised fund benefits from a larger initial gift that can support multiple charities.

Long-term appreciated securities, whether they are stocks or mutual funds, can provide a tax deduction for up to 30% of an individual’s adjusted gross income in the year that the gift is made. Any unused portion of the deduction exceeding this threshold may be carried forward for an additional five tax years. The result is often an even larger charitable gift than may have been expected.

A LOOK AT THE NUMBERS

Scenario #1

The Donors → Donor Advised Fund → The Outcome

The donor sells securities, pays tax on gain and gives proceeds to InFaith to support favorite charities and causes through a donor advised fund.

Fair market value of stock: $50,000
Long-term capital gains tax paid ($25,000 unrealized gains x 15% tax rate) = $3,750

Value of charitable gift after paying tax = $46,250

Scenario #2

The Donors → Donor Advised Fund → The Outcome

The donor gives securities directly to InFaith to support favorite charities and causes through a donor advised fund. InFaith sells securities tax-free and invests proceeds in DAI.

Fair market value of stock: $50,000
Long-term capital gains tax paid = $0

Value of charitable gift = $50,000
$3,750 more to donor advised fund

Amount available for charitable tax deduction: $50,000

FOR MORE INFORMATION

To learn more about how the value of giving stock and mutual funds to a donor advised fund at InFaith, call 800-365-4172.

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Donors must itemize deductions to receive a charitable income tax deduction.

Charitable giving can result in significant tax, legal and financial consequences. InFaith Community Foundation does not provide accounting or tax advice. Consult with your attorney or tax professional. According to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), be advised that distributions from the endowment fund may include principal as well as earnings from time to time.

To ensure compliance with IRS requirements, be aware that any U.S. federal tax advice that may be contained in this document is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing and recommending to another party any transaction or matter addressed herein.