

# Appreciated Securities

For many individuals, their most common appreciated assets are marketable stocks and bonds. If you are holding stocks, bonds, or mutual fund shares that have risen in value, a gift of appreciated securities to Children's Hospital of The King's Daughters may be beneficial for both you and the children we care for at the hospital.

By transferring your appreciated securities to CHKD, you eliminate the capital gains tax typically paid on your growth and receive a tax deduction for your gift. Many times you can leverage a larger donation if you use an appreciated asset instead of cash to make your gift.

## **Example**

You own stock with a fair market value of \$100,000 that you purchased for \$30,000.

If you contribute that stock to Children's Hospital of The King's Daughters you will claim a charitable income tax deduction for the full \$100,000. In addition, you will not be liable for tax on the \$70,000 capital gains upon transfer of the stock. If you sell the stock first and then contribute the proceeds to CHKD, you are subject to the capital gains taxes on \$70,000.

By donating appreciated stock instead of cash, you have delivered \$100,000 to CHKD and secured a tax deduction in the same amount, at a cost to you of only \$30,000.

## **Can you deduct the full amount of your gift?**

Yes, within this limitation: the IRS says that you may deduct gifts of appreciated assets up to 30 % of your adjusted gross income ("AGI" - the figure at the bottom of the first page of Form 1040).

Thus, if your AGI will be \$100,000 this year, you could be able to deduct up to \$30,000 in gifts of stock. A gift in excess of the 30 % amount is not wasted, however, because the IRS allows you to carry forward excess deductions through the five tax years following the year of your gift.

(continued)



601 Children's Lane, Norfolk, VA 23507  
(757) 668-7070 [www.chkd.org](http://www.chkd.org)

Your security will be valued by taking the average of the high and low prices on the date of the transfer to CHKD. If the high bid was \$80 and the low was \$70, your tax deduction would be based on \$75 per share.

If your security is held by your financial advisor, your gift is considered complete when the security reaches our account. If you hold the security yourself and mail it to us, it is based on the postmarked date on the envelope.

***IMPORTANT!*** Don't sell the stock first! Even though you give us the proceeds as a gift, the IRS will impose capital gains tax on your sale, wiping out the benefits of this arrangement.

### **How should you transfer securities to CHKD?**

Contact us at 757-668-7070 for transfer instructions for your financial advisor or for more information on making a gift of appreciated securities to CHKD.

*This information is taken from sources believed to be reliable, but is not guaranteed as to completeness or accuracy. You are urged to seek the advice of your financial planner, attorney and/or tax advisor to make certain a contemplated gift fits well into your overall circumstances and planning.*