

Frequently Asked Questions

Gifts of Publicly Traded Securities

What are publicly traded securities?

- Publicly traded securities are stocks, bonds, and other investment vehicles whose values are readily available from an established securities market.
- Mutual funds are sold by individual mutual fund companies rather than on an exchange. However, the same charitable contribution rules apply to mutual funds as to publicly traded securities and have the same tax benefits.

What are the benefits of giving securities?

- **Income tax benefit:** When you donate securities you have had for more than one year, you may deduct from your taxable income the full fair market value of the securities as of the date of your donation, provided you itemize your deductions. Your deduction is limited to 30 percent of your adjusted gross income.
- **Capital gains tax benefit:** Donating publicly traded securities that you have owned for more than a year and have increased in value allows you to donate without reporting any of the capital gain in the securities. Selling these securities publicly would cause you to owe tax on the capital gains.

The chart below shows how making a gift with appreciated stock can save substantially more taxes than making the same size gift with cash.

	Cash Gift	Stock Gift
a. Gift value	\$10,000	\$10,000
b. Income tax deduction	\$10,000	\$10,000
c. Income tax saved (@ 37% rate)*	\$3,700	\$3,700
d. Purchase price	-	\$1,000
e. Increase in value (a - d)	-	\$9,000
f. Tax avoided on gain (@ 20% rate)	-	\$1,800
g. Total tax savings (c + f)*	\$3,700	\$5,500

*assumes donor itemized deductions

Ways to give publicly traded securities

- Make an outright gift of your securities to the Brigham
- Give and receive payments for life:
 - You transfer securities to the life income plan.
 - A gift of appreciated securities to a charitable gift annuity, charitable remainder trust, or pooled income fund will typically defer or, in some cases, completely avoid capital gain from your gift of securities.
 - During the term of the life income plan, you receive payments from the plan each year, typically for life.
 - When the life income plan ends, its remaining principal goes to support the Brigham.