

GIVE THE GIFT OF SECURITIES

Donating securities (stocks, mutual funds, ETFs, or bonds) to Tandem doesn't just help promote early learning, it also helps you! Through a donation, you may avoid paying capital gains tax on their appreciated value. Additionally, you are entitled to a federal income tax deduction based on the *current* fair market value of the securities, regardless of the original cost. TandemTM will not have to pay these taxes either, providing for a win-win situation.

Overview of Tax Advantages

- You may receive an income tax deduction equal to the *full market value* of the security on the date of transfer.
- If your securities have grown in value, you do not have to pay capital gains tax on appreciation (normally, you would pay at least 20% on the capital gain upon selling)

Donating Appreciated Security: Case Study

Security is initially purchased for \$5,000, and after several years it is now worth \$10,000. If the security is sold, capital gains tax is paid on the \$5,000 appreciated value. If the \$10,000 of security is instead donated to TandemTM, you do not pay the capital gains tax **and** you receive a charitable donation deduction of \$10,000.

Turning a Loss into a Win

By selling a security at a loss then making a donation to Tandem of the same amount of money the security sold for, you can do the following:

- Claim a charitable deduction for the gift equal to the market value when sold
- Deduct the security's decrease in value from other income, reducing taxes paid

You can deduct up to \$1,500 if you are single and \$3,000 if you are married.

Loss into a Win: Case Study

Security is initially purchased for \$5,000, and after several years it is now only worth \$2,000. If the security is sold at \$2,000, and the \$2,000 is donated to Tandem, the seller can claim both a \$3,000 capital loss deduction (if married) and a \$2,000 donation deduction. A single person can deduct \$1,500 in the year of donation and carry over the remaining \$1,500 capital loss to deduct from income or capital gains in future years.

The net cost of a security gift to Tandem, Partners in Early Learning, can be much lower than the cost of an equal cash gift, while still doing so much good for Bay Area children and families!

Maintain Your Ownership

Those who wish to give security and still maintain a holding in a particular security might consider giving the security to Tandem and repurchasing the same shares. This allows you to own the same security, but at a higher cost basis, thus lowering future capital gains tax liability.

A Note about Mutual Funds

If shares are owned in a fund when capital gains distribution takes place (usually near December), owners can be hit with capital gains taxes even if the fund lost money during the year. To avoid this, use your mutual fund shares as a gift to Tandem before the distribution takes place.

HOW TO DONATE

- Instruct your broker to electronically transfer your intended shares
 - **Fidelity Investments Delivery Instructions:**
 - Tandem Tax-Exempt ID: 27-1584676
 - DTC# 0226
 - Reference Account: Z47 928599
- Ask your broker to notify the TandemTM office once the transfer is complete

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**The information provided is not intended to be financial, tax, or legal advice. Before making a gift of securities, you should consult your financial planner or tax advisor to determine how the potential tax advantages apply to your specific situation.*