Jewish Community Foundation of Greater MetroWest NJ

CONTRIBUTIONS OF APPRECIATED ASSETS

When you make a charitable gift, do you simply reach for your checkbook? Donating appreciated assets instead can provide you with significant advantages.

CONTRIBUTIONS OF APPRECIATED ASSETS

Donating publicly traded securities to the Jewish Community Foundation of Greater MetroWest NJ (JCF) is a common, tax-wise method of making non-cash charitable gifts. The most common forms of securities gifts are shares of publicly-traded stock, bonds, and mutual funds.

What are the benefits?

- You get an immediate income tax deduction for the fair market value of the asset(s).
- You avoid capital gains taxes.
- You can time your gift to match fluctuations in the capital markets.

Giving a gift of securities is less expensive than simply writing a check or paying by credit card. For example, if you paid $1,000 for your stock five years ago and the fair market value of that stock today is $3,000, you will receive an income tax deduction for the full fair market value of $3,000. The net tax benefit reduces the cost of your gift. To avoid capital gains tax, it is important to make your gift prior to selling the securities.

How do I make a gift of securities?

If you hold the securities in your possession, you can send them directly to JCF. If the securities are held in a brokerage account or in book entry with a company, you will need to work with your broker or the company to complete the transaction. JCF has instructions for transferring different kinds of assets and will work with you and your advisors to complete your donation.

Limitations

The amount of charitable deduction you can claim in any one year is limited to a percentage of your adjusted gross income (AGI). For gifts of cash to public charities, the limit is 60% of AGI. For gifts of long-term capital gain property (securities), the limit is 30%. In both cases, any deduction that exceeds the amount you can claim in the year of your gift due to these limitations may be carried forward for up to five additional years.

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