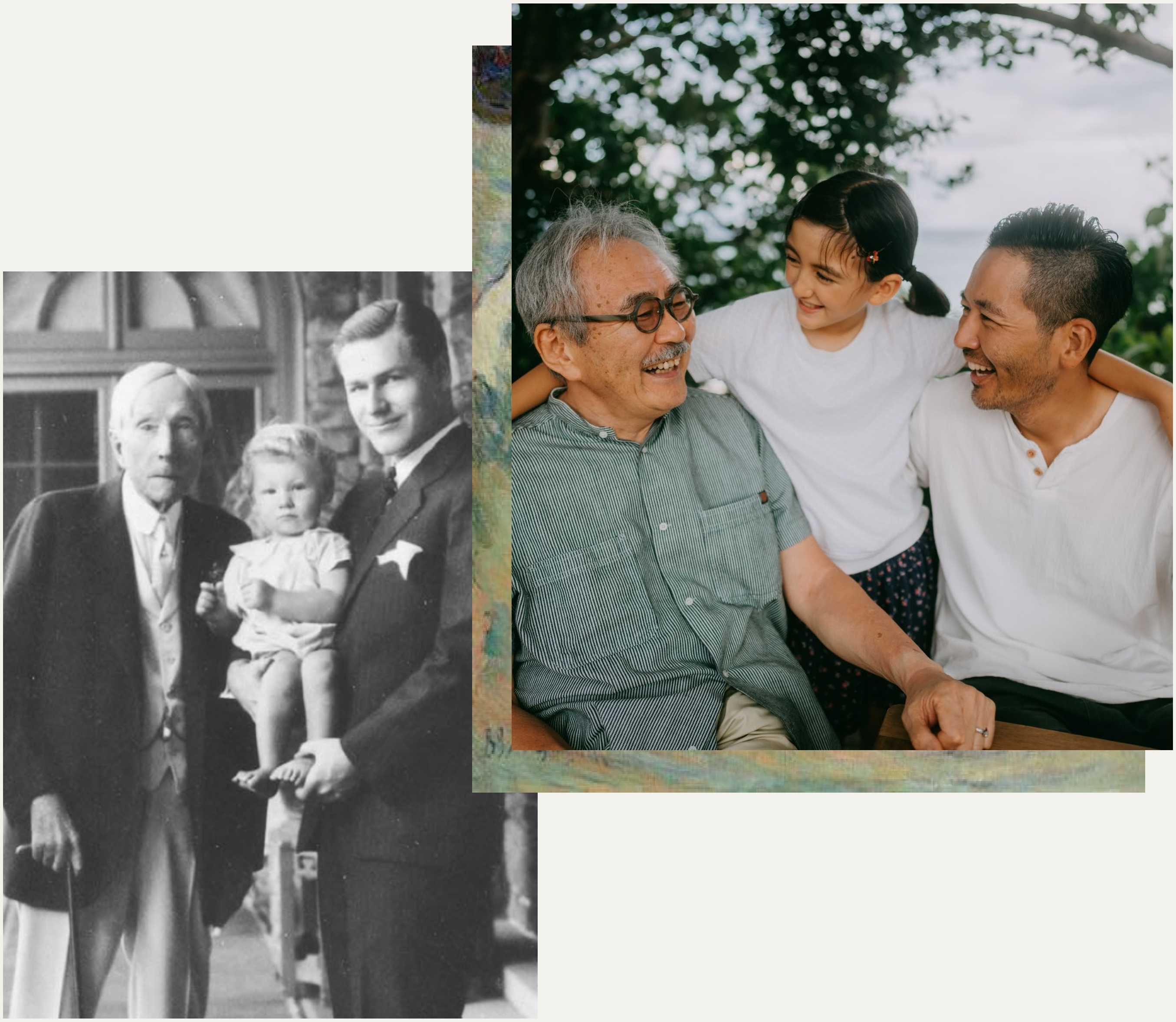
ROCKEFELLER
GLOBAL FAMILY OFFICE

NOVEMBER 2023



Beyond a Dollar: Stock Donations for Increased Impact

Wealth Strategy Insights

OVERVIEW

While it remains the case that the majority of charitable giving is made in the form of cash, donors may wish to consider making gifts to charity of appreciated securities instead. Many times, the potential tax benefits of doing so can outweigh the ease of a cash contribution and create opportunity for greater philanthropic impact.

Cash vs. Stock

A donor who contributes cash to charity is entitled to a charitable income tax deduction of up to 60 percent of his or her adjusted gross income ("AGI") for contributions to a public charity and up to 30 percent of AGI for contributions to a private non-operating foundation. For a donor who contributes appreciated publicly traded securities held for more than one year, this income tax deduction will be calculated based on the fair market value of the securities.

By using these assets instead of cash, a donor benefits from transferring the embedded unrealized gain to the charity – thereby avoiding capital gains tax – and the charity is able to sell the assets realizing minimal to no tax due to its tax-exempt status. As a result, the donor receives the double benefit of taking an income tax deduction based on fair market value while simultaneously shifting the appreciation from his or her balance sheet.

Additionally, the donor could take the cash they had previously earmarked for a charitable contribution and re-deploy it into the portfolio, essentially capturing a basis step-up on investment assets.

Consider a donor with an AGI of $1,000,000 who would like to contribute $100,000 to her alma mater. She could make the contribution in cash and take an income tax deduction of $100,000. She also owns shares in a publicly traded company worth $100,000 with a cost basis of $10,000.

If she chooses instead to satisfy her charitable c ontribution with the stock, she could still take an income tax deduction of $100,000.

In addition, she could also receive the added benefit of avoiding capital gains tax on the $90,000 of appreciation – saving herself $18,000 in tax she would owe if, instead of contributing the asset directly to the charity, she were to sell the asset herself and use the cash proceeds to fund her contribution.

HOW TO DO IT

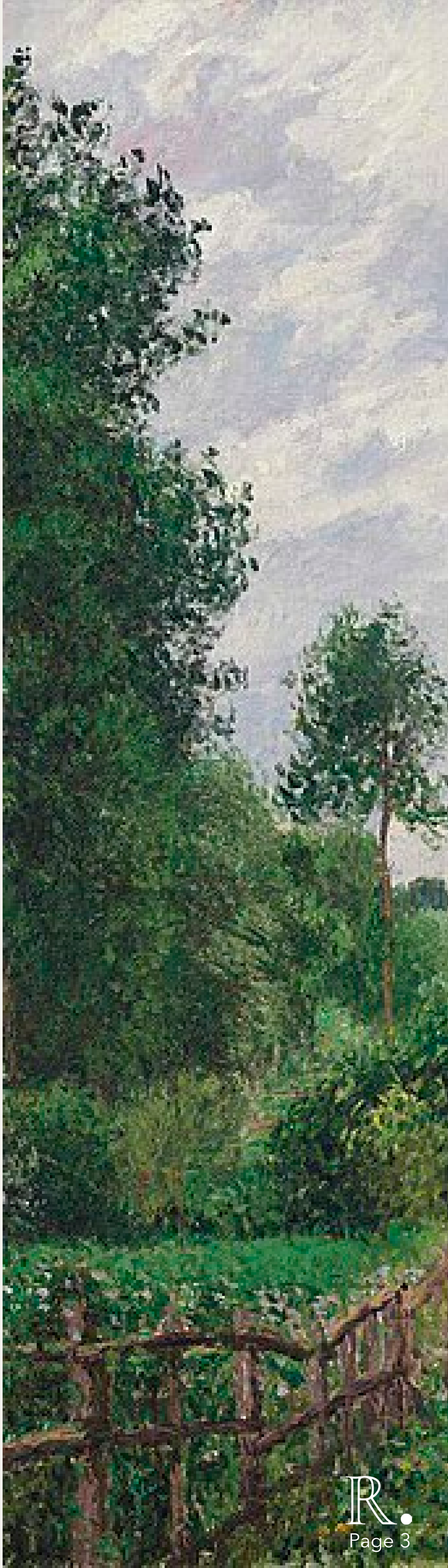
1 Use highly appreciated stock – consult with your investment advisor who will be helpful in identifying attractive securities to donate.

2 If giving directly to a charity, notify the charity of your intended donation and confirm they are willing to accept the asset.

3 Consider using a Donor Advised Fund ("DAF"). A DAF is a giving account sponsored by a public charity. When a donor makes a gift to a DAF account, the donor is entitled to an income tax deduction in the year of contribution subject to the same AGI limitations as those for public charities. Assets contributed to a DAF are permitted to remain in the account and earn returns tax-free, and the donor may recommend grants from the DAF to various public charities over time. Choosing a DAF provides a streamlined way to contribute stock and qualify for a charitable deduction immediately, while delaying the decision as to which charities to support to a future date.

4 Keep a record of your gift for tax purposes, including any communication received from the charity or DAF sponsor.

Using appreciated stock to fund your charitable contributions can be an effective way to increase the impact of your philanthropy, if done properly. Remember to consult your legal, tax and/or financial advisors to ensure that your giving strategy best supports your overall goals.



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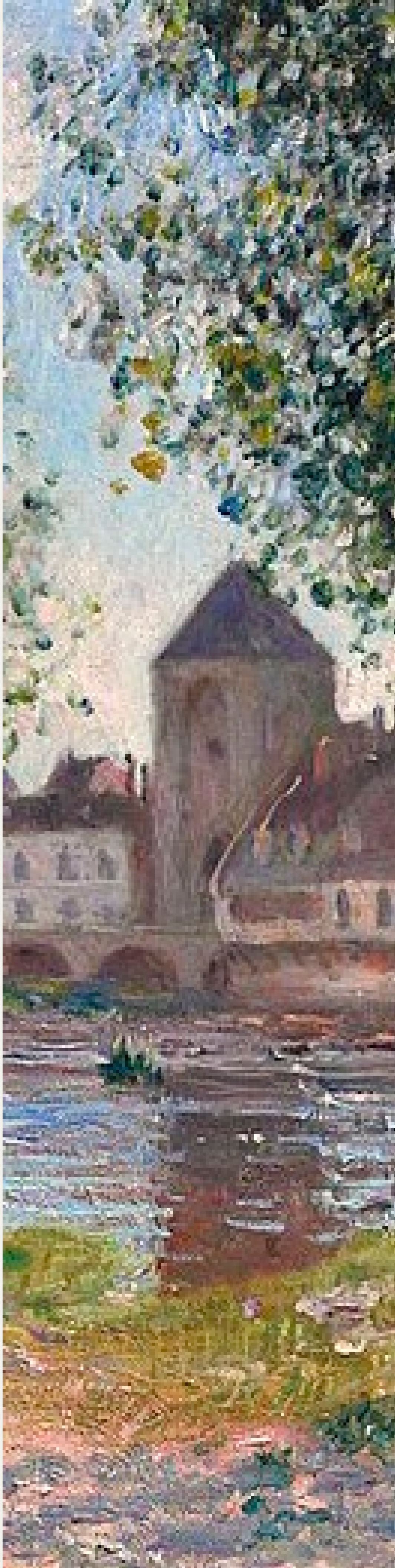

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