KNOW YOUR OPTIONS

PUBLIC SECURITIES

UNLOCK TAX AND OTHER BENEFITS IN **YOUR STOCK PORTFOLIO**

Making gifts of assets rather than income is a tax-efficient way for donors to meet charitable goals.

Donating appreciated, publicly traded securities — such as stock, mutual funds and ETFs — often eliminates or reduces taxes and provides an immediate charitable deduction while allowing donors to fund their charitable goals.

KEY TAKEAWAYS

STOCKS, MUTUAL FUNDS AND ETFS can be ideal assets for funding your charitable objectives

Substantial **DOUBLE TAX BENEFIT**

One of the easiest ways **TO ADD ASSETS** to a new or existing donor advised fund

GUIDE TO DONATING **PUBLIC SECURITIES**

Donating publicly traded securities to The Chicago Community Trust is often just as easy as writing a check or processing a wire. Typically, you will alert your financial advisor that you would like to contribute shares of stocks, mutual funds or ETFs to the Trust. The advisor will then transfer the securities using the Trust's transfer and broker account information. In some instances, the transfer can happen the same day that the donor makes the request to her financial advisor.

The value of the deduction for a contribution of publicly traded securities is the average of the high and the low value of the security on the day of the contribution. If the contribution is intended to fund a new or existing donor advised fund, the shares will be sold upon receipt by the Trust and the proceeds added to the donor advised fund.

BENEFITS OF DONATING **PUBLICLY TRADED SECURITIES**

Instead of selling the securities and contributing the proceeds, when you donate long-term appreciated securities to the Trust you receive a double tax benefit:

- You eliminate federal long-term capital gain taxes on the contributed securities.
- You are eligible for an income tax deduction equal to the full fair market value of the securities.

ADDITIONAL CONSIDERATIONS

Because the Trust is a public charity, the total charitable income tax deduction available for gifts of marketable securities is the full fair market value. In the year the gift is made, you may claim a certain amount of that total based upon your adjusted gross income. If you don't have sufficient income to use that entire amount in the year that you make the gift, you have five additional years to apply any unused portion of the deduction.

If the securities have built-in loses, most donors are better off selling those securities and taking the capital loss for tax purposes, and then contributing the proceeds from the sale to the Trust.

If you have held the securities for less than one year and you would like to maximize your deduction, you might consider using a different asset to make your gift. Donors should always consult their wealth advisor, accountant and other professional advisors to determine which assets are most advantageous for giving.

EXAMPLE

PUBLICLY TRADED SECURITIES

Diane would like to add $10,000 to her donor advised fund. She could write a check for the amount. Alternatively, she has shares in a company listed on the NYSE worth $10,000 that she purchased five years ago for $4,000. Instead of writing a check, Diane transfers the shares to her donor advised fund at the Trust. She eliminates capital gains tax and is eligible for an income tax charitable deduction equal to $10,000 this year.

Your advisors are welcome to join you in a no-obligation conversation with us. Let the Trust assist you in crafting your philanthropic legacy.

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