

Gifting Securities to Beacon

(Info for the Newsletter)

When the federal standard deduction dramatically increased in 2018 it made it even more unlikely that most of us would itemize deductions on our federal tax return. Thus charitable gifts are unlikely to help us reduce our federal income tax. However, there is still a tax friendly way to make a gift to Beacon.

You can gift shares of stocks and mutual funds to Beacon. This allows you to donate the securities themselves, rather than selling them and sending the cash to Beacon. Let's say you want to donate \$1,000 to Beacon and own 20 shares of XYZ that are worth \$100 each. When you bought the shares 10 years ago they cost you \$50 per share.

You could sell 10 shares and your broker would give you \$1,000. But since you only paid \$50 per share and got \$100 per share you would owe capital gains taxes on your profit of $10 \times \$50$ or \$500. Depending on your total income, you may not be subject to capital gains taxes. However if you would owe taxes, consider donating the shares themselves rather than selling them.

If you donated 10 shares of XYZ directly to Beacon without selling them you would incur no capital gains and thus no tax. And you can still claim the full value of the gift as an itemized charitable deduction if you have enough expenses to make itemizing worthwhile. Beacon has a brokerage account to allow members and friends to gift shares of financial securities like stocks and mutual funds to the church.

These donations can only be made with securities held **outside a retirement account**, not from your IRA, 401k, 403b, TSP or other retirement account.

This can be a tax efficient way to make a gift to Beacon. The gift can be applied to your annual pledge, to the Endowment Fund or other project. Tax situations vary with your individual circumstances. So before making such a gift please consult your tax adviser. No one representing Beacon can advise you as to the tax benefits or appropriateness of any particular type of donation for your specific situation.

If after consulting your tax advisor you decide you want to gift securities to Beacon please contact Steve Zeldes at sgzeldes@gmail.com for the information your broker will need to complete the gift.