You Can Save Taxes by Donating Stocks Instead of Cash

If you are thinking about making a contribution to the Annual Catholic Appeal, you might want to consider making a gift of your appreciated stock or mutual fund shares rather than a cash donation because a gift of appreciated property often provides increased tax benefits.

Charitable contributions of appreciated securities provide two potential income-tax advantages. The first is a charitable deduction — generally for the fair market value of the securities at the time of the contribution, subject to certain tax law limits. The second benefit is that you are not taxed on the capital gain that would result if you sold the property.

If you have investments that have increased in value you may be eligible for two tax benefits by donating:
** You do not pay tax on the gain*
** Tax deduction for current value of the stock*

For example, let's say you own publicly traded stock currently worth $20,000. You bought the stock over a year ago for $15,000. If you sell the stock, you will have long-term capital gain income of $5,000 which will be taxed.

However, if you donate the stock to charity, you may claim a $20,000 charitable contribution deduction and avoid paying capital gains tax on the $5,000 of appreciation in the stock. To gain these benefits, the stock must be long-term capital gain property (stock you've owned for more than one year or stock you inherited).

How to donate stocks or mutual funds to the Annual Catholic Appeal:

1) To begin the process notify the Archdiocese what you will be transferring stock (*ex – 100 shares of IBM stock*):

ARCHDIOCESE OF SANTA FE: Joseph Contreras (505)831-8139

2) The next step is to ask your stock brokers or mutual fund company to transfer the shares to the Archdiocese for you. Joseph Contreras can provide you with a list of brokerage accounts your broker can use to complete the transfer.

Questions? Please contact your stock broker or tax advisor for tax questions. Call Joseph Contreras at the Archdiocese at the number listed above for other questions.