<u>Donation of Long-Term Appreciated Securities</u>

Donating securities sitting on unrealized long-term capital gains, rather than simply writing a check, is potentially a more tax efficient manner to fund your charitable giving. Similar to writing a check, the value of the securities donated is tax-deductible subject to AGI limitations. However, when you donate securities, the unrealized long-term capital gain will never be subject to capital gains taxes. The charity receiving the securities is typically indifferent, as most will simply liquidate the securities to generate cash for their charitable mission. Consider the following example:

<u>Example of Giving Stock Versus Cash</u>

Assumes a taxpayer in the 33% marginal tax bracket itemizes their deductions and has sufficient AGI to fully deduct this donation. Further assumes the stock donated has cost basis of $10,000 (unrealized long-term gain of $10,000). Finally, ascribes no additional tax savings at the state level or due to the Medicare Tax on Investment Income, both of which could potentially increase the overall tax savings associated with the donation of appreciated securities.

	Income Tax Savings	Capital Gains Tax Avoided
Example 1: $20,000 Cash	$20,000 X 33% = $6,600	$0
Example 2: $20,000 Stock	$20,000 X 33% = $6,600	$10,000 X 15% = $1,500

Disclaimer: The above literature is solely intended to give generous donors something to consider in regards to income tax planning. As with most things tax related, The St. Louis Children's Choirs strongly recommends you consult with a Certified Public Accountant (CPA) before making any decisions with income tax implications.