











How donating an appreciated security can reduce taxes

Sell stock & donate cash proceeds		Donate stock directly to charity
 \$20,000	Value of stock when purchased	 \$20,000
 \$50,000	Current price	 \$50,000
 \$7,140	Capital gains and Medicare surtax paid on \$30,000 (23.8%)	 \$0
 \$42,860	Total contribution to charity (after deducting federal taxes)	 \$50,000
 \$15,858	Income tax savings by making contribution	 \$18,500
		↑ Greater tax deduction, ↑ greater contribution

This is a hypothetical example for illustrative purposes only. The chart assumes that the donor is in the 37% federal income bracket with an adjusted gross income (AGI) of \$500,000. State and local taxes, the federal alternative minimum tax, and limitations to itemized deductions applicable to taxpayers in higher-income brackets are not taken into account. Please consult your tax advisor regarding your specific legal and tax situation. Information herein is not legal or tax advice.

**Assumes all realized gains are subject to the maximum federal long-term capital gain tax rate of 20% and the Medicare surtax of 3.8%. It does not take into account state or local taxes if any.*

Source: www.Fidelity.com

The more your security has appreciated and the higher your long-term capital gains tax rate, the more beneficial this strategy becomes. But you could still use this strategy to eliminate a substantial amount of tax, even if your adjusted gross income puts you at the 15% tax rate for long-term capital gains.

Should you care to discuss this further, please contact:

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