

Appreciated Securities

For many individuals, their most common appreciated assets are marketable stocks and bonds. If you are holding stocks, bonds, or mutual fund shares that have risen in value, a gift of appreciated securities to Spectrum Health Foundation may be beneficial for both you and the patients we care for at our hospitals.

By transferring your appreciated securities to Spectrum Health Foundation, you eliminate the capital gains tax typically paid on your growth and receive a tax deduction for your gift. Many times you can leverage a larger donation if you use an appreciated asset instead of a cash gift to make your gift.

Example:

You own stock with a fair market value of \$100,000 that you purchased for \$30,000.

If you contribute that stock to Spectrum Health Foundation you can claim a charitable income tax deduction for the full \$100,000. In addition, you will not be liable for tax on the \$70,000 capital gains upon transfer of the stock. If you sell the stock first then contribute the proceeds to Spectrum Health Foundation, you are subject to the capital gains taxes on the \$70,000.

By donating appreciated stock instead of cash, you have delivered \$100,000 to Spectrum Health Foundation and secured tax deduction in the same amount, at a cost to you of only \$30,000.

Can you deduct the full amount of your gift?

Yes, within this limitation: the IRS says that you may deduct gifts of appreciated assets up to 30 percent of your adjusted gross income (AGI – the figure at the bottom of the first page of form 1040).

Thus, if your AGI will be \$100,000 this year, you could be able to deduct up to \$30,000 in gifts of stock. A gift in excess of the 30 percent amount is not wasted, however, because the IRS allows you to carry forward excess deductions through the five tax years following the year of your gift.

Your security will be valued by taking the average of the high and low prices on the date of the transfer to Spectrum Health Foundation. If the high bid was \$80 and the low bid was \$70, your tax deduction would be based on \$75 per share.

If your security is held by your financial advisor, your gift is considered complete with the security reaches our account. If you hold the security yourself and mail it to us, it is based on the postmark date on the envelope, or when the ownership is transferred into our name.

Important: Don't sell the stock first. Even though you give us the proceeds as a gift, the IRS will impose capital gains tax on your sale, wiping out the benefits of this arrangement.

For more information visit our website at give.spectrumhealth.org/plannedgiving.