

Gifting Securities To First Baptist Friendswood

Most people think of writing a check when they want to make a give to First Baptist Friendswood. However, giving may be made with many types of property.

Often, there is a greater tax advantage to making non-cash gifts. Many contributors have found that they achieve substantial savings by giving appreciated securities (stocks, bonds, or mutual funds that have grown in value since they were originally purchased). You may deduct the full market value of appreciated securities, and avoid any obligation to pay capital gains taxes.

Let's look at an example to see how this works (see table below). As part of his investment portfolio, Bob bought an oil company stock in his name for \$1,000 a few years ago. The stock is now worth \$5,000. Bob wants to give \$5,000 to First Baptist Friendswood and is considering giving cash or selling the stock but he is reluctant to pay capital gains taxes on the profits from the stock. The table below illustrates the financial impact of Bob's gift when made with 1) cash proceeds from the sale of the stock, 2) cash, or 3) the stock itself.

EXAMPLE*	1. Sell stock and give cash**	2. Give cash	3. Give appreciated stock
Gift Deduction	\$5,000	\$5,000	\$5,000
Income tax savings (\$5,000 X 25%)	\$1,250	\$1,250	\$1,250
Capital Gains Tax	\$800 payable	---	\$800 saved
Cost of Gift	\$4,550	\$3,750	\$2,950
Cost per Dollar	\$.91	\$.75	\$.59

*Note: this table assumes 25% federal and state income tax and 20% federal capital gains tax.

** Note: If you are selling depreciated stock, you will gain more tax benefits by first selling the stock and then donating the proceeds.

As you can see, option three results in the lowest cost of giving. This is because Bob receives a deduction for the full current value of the stock while also avoiding tax on the capital gain. In effect, he saves taxes twice by giving the appreciated stock to First Baptist Friendswood. As a 501c-3 non-profit organization, First Baptist Friendswood can sell the shares and not pay taxes on the gain.

Gifting securities to First Baptist Friendswood is simple. Contact the church office for more details. Always consult your tax and financial advisors before making any gift of a security to First Baptist Friendswood.