

Tax Benefits of Donating Low Cost Basis Stock to GCLWCF

Donating appreciated stock (stock that has increased in value since it was purchased) to a qualified charitable organization can be a very tax efficient way to make charitable gifts. When shares are transferred directly to a charity rather than sold first, donors may receive important tax advantages under U.S. tax rules.

Avoid Capital Gains Tax on the Appreciation

If you sell stock that has increased in value, you normally owe capital gains tax on the difference between the purchase price (cost basis) and the current value. When appreciated shares are donated directly to a qualified charity, the donor generally does not pay capital gains tax on the appreciation.

Example	Amount
Original purchase price (cost basis)	\$10,000
Current market value	\$50,000
Total unrealized gain	\$40,000

If the stock were sold first, the \$40,000 gain could be subject to capital gains tax. If the shares are donated directly to a charity, that tax is typically avoided.

Potential Charitable Income Tax Deduction

If the stock has been held longer than one year, donors may generally claim a charitable deduction equal to the full fair market value of the shares on the date of the gift. This means the deduction may be based on the current value of the stock rather than the original purchase price.

Value of Shares Donated	Potential Deduction
\$50,000	\$50,000 charitable deduction

Deduction Limits

For donations of publicly traded stock to a qualified public charity, the deduction is generally limited to 30% of Adjusted Gross Income (AGI) in a given year. Any unused deduction may typically be carried forward for up to five additional years.

Tax laws are subject to change, and individual circumstances vary. Consult your tax professional to determine whether this strategy may be appropriate for you.