Jewish Foundation
OF GREATER NEW HAVEN

TAX-SMART WAYS TO GIVE

STOCK GIVING

When you donate long-term appreciated securities, you can claim a charitable income tax deduction for the fair market value of the securities on the date of transfer, no matter what you originally paid for them. You pay no capital gains tax on the transfer.

Donating the stock results in no capitals gains tax being paid, a larger itemized deduction, and more money for the charity of your choice. That's a win-win!

If the Securities Have Appreciated

If the securities originally cost $2,000 and now have a fair market value of $10,000, you do not pay tax on the $8,000 gain. You may, however, claim a charitable income tax deduction for the full $10,000.

If the Securities Have Depreciated

In this case, it is usually better to sell first. By doing so, you can take the capital loss for tax purposes and then donate the cash.

	Gift of $10,000 cash	Gift of $10,000 stock
Initial cost basis of securities/appreciation	N/A	$2,000/$8,000
Capital gains tax saved or paid (assumes 20% rate)	N/A	$1,600
Personal income tax savings (0.35 × amount donated)	$3,500	$3,500
Net Tax savings	**$3,500**	**$5,100**

This example assumes 35% tax bracket, a cost basis of $2,000, that the investment has been held for more than a year, and that all realized gains are subject to a 20% long-term capital gains tax rate. This does not take into account any state or local taxes.

EXTRA TIP: CONSIDER BUNCHING!

No longer itemizing?
Consider "bunching" donations.

The advice from many experts is to bunch donations so that your itemized deductions go beyond the current standard deduction amounts for 2023 of $13,850 for individuals and $27,700 for those who file jointly (adjusted annually for inflation). If you do not routinely exceed the standard deduction, you can get over it by bunching donations of stock to charities or to a donor-advised fund.

Scan to learn more about opening a Donor-Advised Fund or visit

https://newhavenjewishfoundation.org/donor/