
Donate Appreciated Stock to Charity

11.18.15

When making a substantial contribution to a qualified charity, college, or other not-for-profit organization, consider donating appreciated stock from your investment portfolio in lieu of cash. Most organizations will be happy to receive the stock, you can deduct the gift, and you avoid paying tax on the appreciation.

The charitable contribution deduction for donations of appreciated investment property is the value of the property on the date of the donation. The stock or other property donated must have been held for more than one year in order to deduct its value upon contribution; otherwise the deduction is limited to your basis in the asset. Donations of property other than publicly traded securities will need to be supported by a qualified appraisal obtained prior to the due date for the filing of the tax return for the year of the contribution.

The current charitable contribution deduction for donations of appreciated property is limited to 30% of your Adjusted Gross Income (AGI) with the excess, if any, carried forward to future years. If the donation is to a private foundation, the limitation is 20% of AGI. Tax rules may reduce the deduction for contributions of some publicly traded securities (such as publicly traded partnership interests).

We strongly encourage you to consult with your BPM Advisor regarding implementing this potential tax saving strategy. We can provide advice to help you select the most appropriate asset(s) to contribute. Equally important, we can alert you to the pitfalls of donating certain assets that are not suitable to contribute because of tax rules not addressed in this alert.