

Gift and Sale

Alice and Tom Freeman bought their first home many years ago. As they were landscaping in the yard, painting and fixing up that home, Tom was impressed with the home improvement store. They were making many trips down to the store and Tom felt that the home improvement staff was very friendly and helpful. They did not have a lot of resources, but Alice and Tom decided to buy stock in that store.

Tom: Over the years, that stock in the home improvement store increased in value. It now is worth much more than we paid for it. We paid about \$10,000 for the stock and it is now worth almost \$50,000.

Alice: The stock has gone up greatly in value, and we were now thinking of selling that stock. We would like to sell and reduce our tax. We were thinking of selling and writing a check for \$5,000 or 10% of the stock value to our church.

Tom: I happened to be talking to a CPA at a community luncheon. He mentioned that we could probably give about twice as much with almost the same cost if we gave stock rather than writing a check.

After talking to our tax advisor, we discovered that if we gave \$10,000 of stock, we receive two benefits. By giving the stock instead of writing a check, we get our income tax deduction. Plus, we also save the capital gains tax on the \$10,000 worth of stock.

Alice: That is what we decided to do. By giving the \$10,000 of stock we saved the capital gains tax on that part. Then the deduction on that part offset a large portion of the tax on the \$40,000 worth of stock that we actually sold. We are very pleased with the "double benefit" from giving the stock, and our favorite charity has received a very nice gift.

For more information on Planned Giving Strategies, please, feel free to ask your Pastor.

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