

GIVING PUBLICLY-TRADED STOCK OPTIONS

An innovative way to support the ministries and causes you believe in is to give publicly traded stock options directly to National Christian Foundation (NCF). Instead of selling them first and then donating the proceeds, you may be able to avoid capital gains taxes. We help you by reviewing the gift before transfer, providing counsel about the most effective way to give, assisting with the transfer, and facilitating the liquidation. The net sale proceeds are placed in your Giving Fund (donor-advised fund), for recommending grants to charities. You can give during your lifetime or, with proper planning, upon your death.

The importance of gifting first, rather than selling first:

The following illustration presents two scenarios: (A) the donor first gives their publicly traded options worth \$500,000, thereby taking 60% long-term and 40% short-term deductions and receiving \$119,000 back from the government, and (B) the donor first sells their options, then gifts the proceeds (only \$408,000), thereby taking a partial income tax deduction and receiving a net of \$50,800 back from the government.

	Gift to charity	Taxes	Deduction	Value of deduction	Net tax benefit	Net charitable benefit
Gift options before sale	\$500,000	\$0	\$340,000	\$119,000	\$119,000	\$500,000
Sell options first, then sell	\$408,000	\$92,000	\$408,000	\$142,800	\$50,800	\$408,000

Assumptions: 35% Federal, 0% state; \$100,000 Basis in asset; \$500,000 fair market value (FMV)

What makes your asset an appropriate gift? The asset ...

- Has appreciated in value
- Is transferable – not under contractual obligation or other agreement with someone else
- (Publicly traded stock options are considered ordinary gain property, and as such, gains and losses are allocated 60% to long-term capital gain or loss and 40% to short-term capital gain or loss.)

What is a Giving Fund? What role does it play with my options gifts?

A Giving Fund (donor-advised fund) allows you to donate publicly traded options easily and effectively. A Giving Fund is much like setting up your own foundation, but with clear advantages. It provides an immediate tax benefit for your gift and gives you time to decide which causes to recommend for support. In the interim, your Fund may be invested for tax-free growth. You donate the options to your Giving Fund, we liquidate them for you, and you then use the balance in that Fund to recommend grants to your church and favorite ministries over time.

Get started today. Visit nationalchristian.com/wisconsin or call 262.796.9910.