

Donating Stock through the United Methodist Foundation of West Ohio

Frequently Asked Questions

Gifts of appreciated stock is one of the most effective means of tax savings available for donors, and a great way for UM churches in the West Ohio Conference to benefit from a donor's generosity. Here are answers to some common questions.

What are the benefits of gifting appreciated stock to my church?

1. The satisfaction of knowing your money is invested in a cause important to you.
2. Capital gains taxes on the stock are avoided when transferred to a nonprofit for liquidation. You could also avoid Net Investment Income Tax when applicable.
3. You will be eligible to receive an income tax charitable deduction for the full fair-market-value of the stock at the time of transfer (the time at which legal ownership transfers to the charity).

To qualify for these special tax advantages, the security must have been held for at least one year, otherwise the deduction is limited to the cost basis. Gifts of stock in certificate form or via electronic transfer from your account must be received by December 31 to qualify for the tax exemption in the current tax year.

4. Your gift of appreciated stock is fully deductible up to 30% of your adjusted gross income. For example, if your adjusted gross income is \$100,000, up to \$30,000 of long-term appreciated stock and other capital gain property may generally be deducted, although high-income donors may be subject to a partial phase-out of itemized deductions. Any excess can generally be carried forward and deducted over as many as five subsequent years.

Look at the tax savings of donating securities versus a cash gift. The chart below assumes you wish to donate shares of stock worth \$10,000 that you purchased for \$2,000 several years ago.

	Donate appreciated security outright	Donate \$10,000 cash	Sell securities and donate cash
Charitable Deduction	\$10,000	\$10,000	\$10,000
Tax Savings (35% rate)	\$3,500	\$3,500	\$3,500
Capital Gains tax paid (15% rate on \$8,000 gain)	\$1,200 saved	N/A	\$1,200 paid
Net tax savings	\$4,700	\$3,500	\$2,300

What should we tell a donor who wants to donate to our church?

Contact the Foundation office and we will provide fee-free instructions. You may reach us at sblack@wocumc.org or agrooms@wocumc.org. **Currently this is a free service for congregations or individuals with an account with the UMFOW. All others will incur a \$100 per stock transaction fee, deducted from the proceeds to the beneficiary.**

When you contact us, we will provide a form for your donor to complete and send to our broker, Wespeth II. Once the stock has been liquidated, we will receive the funds at the Foundation, and then cut a check to be sent to the church for the amount of the donation. Donors may designate their gift either by telling us, or by telling you directly. Please make sure to honor the intent of your donor's wishes.