

Giving While You Are Living -
A short guide to giving stock to Hospice of Northwest Michigan

Gift giving has been a great way for individuals to fund their charitable intent while they are still living. We are appreciative of the gift giving that we've received over the years, and wanted to share a few thoughts and tips concerning other ways to include Hospice in your annual gift giving activities.

Stocks and bonds go up and down, but one thing has been constant – individuals and their willingness to give stock to Hospice. It's great to know that you can write a check as a way to contribute, but what about alternative ways to give financial assets to Hospice of Northwest Michigan?

Let's make an assumption that you have 1,000 shares of stock in ABC valued at \$50 per share. You purchased the stock quite a number of years back, with a purchase price of \$5 per share. Selling the stock isn't something that you would like to do, but you are considering gift giving the stock to a charitable organization.

Gift giving the 1,000 shares of stock gives you two benefits. First, you are getting a tax deduction for an amount equivalent to the value of the stock on the day it was gift given to Hospice – in this case, it would be \$50,000. Even though you only paid \$5,000 for the stock, you are getting a tax deduction for the full value of the gift. The second benefit is that the gift is no longer counted as a part of your taxable estate. Estate taxes are significant, rising as high as 50% for some estates. By gift giving stock, you are reducing the size of your estate while also removing the IRS as a future beneficiary of your estate.

Some people have preferred to sell stock, and give cash. While we don't discourage gift giving of any kind, this can come with adverse tax implications for the donor. Cash gifts carry deduction limitations that are much lower than gifts of stock. Additionally, for the seller, they would have to add the profits from the sale to their income tax liability for the year. Selling stock, then gift giving the proceeds can create a 'zero sum' situation with no tax benefits for the donor. For this reason, we would rather see a gift made of stock, rather than the liquidation proceeds from the *sale* of the stock. You give it to us, and *we* will handle the liquidation through a low-cost provider.

Gifts of stock are great ways to reduce the size of your income tax liability for the year you make the gift. If you have some tax years where your taxable income is high, you might benefit greatly from gift giving stock from your investment portfolio. For investors in a 35% effective tax bracket (your average as opposed to your marginal or highest tax bracket), this can amount to \$3,500 in tax credits for every \$10,000 in stock value donated. Granted, gift giving is much more than dollars and cents, however, it is also nice to know that it may not break the bank as much as you would think.

For individuals looking to donate stock to Hospice of Northwest Michigan, please contact our office. We can provide you with the electronic delivery instructions in order to facilitate your charitable gift.