

Give Appreciated Stock to Charity?



By Sam Hall, FLOW Communications Director

Is it better to give stock or cash to charity? As with most issues, it depends. Friends of Lake of the Woods (FLOW), a local independent 501(c)(3) charitable organization, decided to look into the matter. The simple answer is that giving appreciated stock you've held for more than a year is better than giving cash.

The rule: If you donate stock that has increased in value since you bought it more than a year ago, and if you itemize deductions, you can take a charitable deduction for the stock's fair market value on the day you give it away. The win-win in this process is that you'll also avoid capital gains taxes on the increase in value which you would have had to pay if you had sold the stock and then given the cash proceeds to charity.

If this form of giving is something you were contemplating this year, the FLOW board of directors encourages you to contact them at 972-3222. Not only can a gift to FLOW benefit you personally, but it can be used to promote and support the Lake of the Woods community. Time is running out, however, so it's a good idea to start the process a week or two before Dec. 31.

As with all tax decisions and considerations, FLOW recommends that you contact your tax advisor or brokerage firm about the procedure and timeframe for giving stock. And, as discussed in the last issue of Lake Currents, don't forget about donating your IRA RMD to charity. It's not too late. Call Jim at 972-3222.