Giving to Duke

GIFT PLANNING

Gifts of Publicly Traded Securities

Donating stocks, bonds, and mutual funds

Gifts of publicly traded securities—stocks, bonds, or mutual funds—may provide special tax advantages to individuals who wish to make a charitable gift to Duke University. By donating appreciated securities that you have owned for longer than one year, you receive the same income tax savings as you would by making a gift of cash or by check, but you also avoid tax on the capital gains built up in donated securities.

BENEFITS

Donating appreciated stocks, bonds, or mutual funds held for more than one year enables you to make a charitable gift to Duke while achieving unique tax savings.

- Claim an income tax deduction for the full market value of the securities.
- Avoid paying capital gains taxes on the appreciation.
- Donate outright or use to establish a gift that pays you an income.
- Support the area of Duke you feel most passionate about.

OPTIONS

OUTRIGHT GIFT

Generally, if you transfer publicly traded securities that you've owned for more than one year to a public charity such as Duke, your income tax deduction will be based on the fair market value of the securities on the day that Duke receives them. In addition, because you would transfer the securities to Duke directly—without selling them first—you would avoid taxes on the capital gains inherent in the shares.

This avoidance of capital gains taxes—combined with the income tax deduction you'd receive for your gift—essentially lowers the cost of your gift.

To learn more about how a gift of securities could reduce your tax bill, please consult with your personal tax advisor.

GIFT OF $100,000 OF MUTUAL FUND SHARES (COST BASIS $80,000)	
Gift	$100,000
Less: Federal Income Tax Savings: (37%) Less: Federal Capital Gains Tax Savings: (23.8%)	($37,000) ($4,760)
Cost of this gift:	$58,240
Assumptions include: donor subject to highest federal marginal income tax and capital gains tax rates and will be able to recognize entire income tax deduction. Federal capital gains tax rates include 3.8% Medicare Surtax.	

FIXED PAYMENT: A CHARITABLE GIFT ANNUITY

You can make a gift of securities to establish a charitable gift annuity that would pay you a fixed income for life. Gift annuities can be established to pay one or two people, which make them especially attractive for individuals or married couples who seek an income in retirement. After you pass away, the balance of your original gift will be applied to the purposes you have chosen at Duke.

In the year you establish a charitable gift annuity, you receive a current income tax deduction for a portion of your gift. With a gift annuity funded with appreciated securities, you also avoid tax on a portion of the appreciation. Any capital gains tax due will be spread out over your life expectancy as you receive gift annuity payments.

VARIABLE PAYMENT: A CHARITABLE REMAINDER UNITRUST

A charitable remainder unitrust (CRUT) will allow you to receive a variable payment for your lifetime or a specific number of years. When you create a CRUT, you are eligible for a current income tax deduction for a portion of your gift. When the trust ends, the balance of the trust is applied to the purpose you have designated at Duke.

CRUTs are often funded with gifts of appreciated securities because no capital gains taxes will be due when the tax-exempt trust sells those assets. The trust can diversify the investment mix and provide income based on the entire value rather than just the net proceeds after taxes.

REPURCHASE THE STOCK

The IRS prohibits taxpayers from claiming a loss on the sale of a security if that person repurchases the same stock within 30 days. This is known as the "wash sale" rule. *This rule does not apply when appreciated stock is donated to a charity.*

For example, a taxpayer can donate $10,000 of appreciated stock (held longer than a year), which was initially purchased for $4,000, to charity. The taxpayer can claim an income tax deduction based on the full fair market value of that stock ($10,000), completely avoid tax on the $6,000 capital gain, and repurchase the same security immediately.

Please note that taxpayers who make a charitable gift of stock (owned longer than one year) may use the resulting income tax deduction up to 30% of their adjusted gross income in the year of the gift and carry forward any unused deduction for up to five years if necessary. For gifts of cash, this limitation is generally 60% of AGI with the same five year carry forward period available.

Unleash your inner philanthropist.

We can help you explore creative ways to amplify your impact at Duke, while staying comfortable with your level of giving.

CONTACT US TODAY.
Duke University Office of Gift Planning
(919) 681-0464
giftplanning@duke.edu
giving.duke.edu/giftplanning
Get more insights on our blog:
giving.duke.edu/blog

This notice is made in order to comply with applicable Treasury Department and other regulations (including but not limited to "Circular 230") – This communication (including any enclosures or attachments) is not intended or written to be used, nor can it be used, for the purpose of avoiding tax-related penalties. All materials (including any enclosures or attachments) are provided for informational purposes only and shall not be considered or construed as legal, tax or financial advice. Please consult your own expert counsel on all legal, tax or financial matters related to any contemplated gift or otherwise. An attorney employed by Duke University cannot serve as your personal advisor.