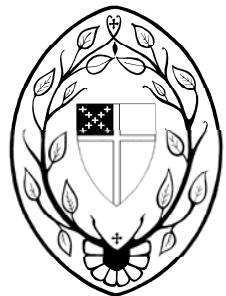


Stock Tips: How to Render More Unto God & Less Unto Caesar



GIFT PLANNING:
HELPING
YOURSELF
AND YOUR CHURCH,
TODAY AND
TOMORROW



Suppose that you own some stock (or a similar asset) and that you want to make a gift to your church. Here are some tips on how to render more of your gift to God and less to the government, the modern Caesar.

Tip One: When to Give Stock instead of Cash

If you have owned the stock more than one year, and if it has increased in value, you will ordinarily owe capital gains tax on the difference between its value when you acquired it and its value when you sell it. You can avoid that tax by giving the stock itself to the church. The church won't owe capital gains tax, because it is exempt from taxation. Moreover, you will get an income tax deduction for the full market value of the stock on the date you give it to the church.

Tip Two: When to Give Cash instead of Stock

Suppose that your stock has declined in value since you acquired it. In that case, you should sell the stock and give the proceeds to the church. That will give you a capital loss, which you can use to reduce the capital gains tax you owe on other transactions.

Tip Three: Step Up Your Basis

Suppose you have owned the stock for years and it has steadily grown in value since you acquired it. You believe that it will continue to grow, and you'd like to keep it in your portfolio. Your stock has a "low basis," so you would owe a large capital gains tax if you sold it. You can avoid that tax by giving the stock to the church. Then you can buy replacement stock on the open market.

The replacement stock will have a "high basis," so you will owe less capital gains tax a year or so down the road if you decide to sell it.

Tip Four: Give the Stock and Get an Income for Life

Suppose you own stock with a low basis. You need a stream of income to live on, but if you sell the low basis stock, you will have to pay a large capital gains tax. Consider making a "life income" gift to the church. You give the stock to the church now. That avoids the capital gains tax, and it gives you a partial income tax deduction. In return, the church promises to pay you (or some other beneficiary) a stream of income for life. At the end of your life (or the other beneficiary's life), the stock becomes your lasting gift to the church.

3 in a series
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Tip Five: How to Give Stock

Some churches have brokerage accounts and can easily accept stock given directly to the church. Ask your church treasurer or rector for instructions. Or, call The Episcopal Foundation of Northern California at 800-442-6918, ex. 16.

If you keep your stock in “street name” in a brokerage account, have your broker call The Foundation at the phone number above, to get wire transfer instructions.

If you have a certificate for your stock, do not endorse the back of it. Rather, get a blank stock power from your broker. Sign the stock power (but do not fill in the other blanks) and have your bank or broker guarantee your signature. (A Notary Public seal won’t work.) Put the stock power in one envelope and the stock certificate in a second envelope. In one of the envelopes, enclose instructions on what you want done with the stock. (*E.g.*, this stock is for St. Swithin’s.)

Address both envelopes to The Episcopal Foundation of Northern California, Post Office Box 161268, Sacramento, California 95816, and send both envelopes by ordinary mail at the same time.

Tip Six: How to Compute Your Income Tax Deduction

If you give stock that you have owned one year or less, your income tax deduction is limited to your cost basis – the amount you paid for it.

If you give stock that you have owned for more than one year, your deduction is normally the mean between the high and low trades on the date of the gift. If you have a certificate for your stock, the date of the gift is normally the date you surrendered control of the certificate (for example, by putting it in the mail). If you hold the stock in “street name” in a brokerage account, the date of gift is the date your broker transfers the stock to The Foundation’s account.



Why Include the Church?

Early in the church’s history, Christians began including the church when they planned who would inherit their worldly goods. Through the centuries, Christians have reached out with gifts **great and small** even after their earthly lives have ended, to continue building and strengthening Christ’s church and ministering to those in need.

Indeed, the Book of Common Prayer urges parents to make “prudent provision for the well-being of their families,” and it urges all persons to “make wills, while they are in health . . . not neglecting, if they are able, to leave bequests for religious and charitable uses.” [BCP, Page 445]

If you would like more information, please go to our website and click on the EFNC Info Request Form button, located on the Home Page.

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