



## DONATIONS OF APPRECIATED STOCK

### WHY DONATE STOCK?

Perhaps you have some stock you bought 10 or 20 years ago that has increased tremendously in value. You are reluctant to sell it, because you don't want to pay a significant amount in capital gains taxes. Or maybe you have some stock that you acquired through a company merger, or by dividend reinvestment or an employee stock purchase plan, and you have no idea what the cost basis is for the stock. It could take hours or days--to try to figure it out, so you just hold on to the stock. Donations of stock are a perfect way to make charitable contributions in these types of situations.

When you donate shares of stock to the Friends of the Orinda Library, the following benefits occur:

- You incur no out-of-pocket cost;
- You incur no capital gains tax on the sale of the stock;
- The Friends of the Orinda Library receive the full value of the stock when the stock is sold;
- You receive a tax deduction for the full amount of the stock (the average of the high and low prices on the day the stock is delivered), not just your cost when you purchased the stock.

Note: For appreciated stock that **you have held for less than one year and one day**, only your cost basis is deductible. Therefore, you should donate only stock that you have held for at least one year and one day.

### HOW TO MAKE A DONATION OF STOCK

**If your stock is held by a brokerage firm**, the simplest way to donate stock is to have your brokerage firm transfer the stock directly into the account of the Friends. Our brokerage account is with Charles Schwab, and the account number is 3476-6748. The DTC (direct transfer code) is 0164 code 40. If you use this method, please call the Friends' treasurer, Linda Landau, at 925-254-1156 so that we will be aware of the transfer and be able to sell the stock in a timely manner. If your account is with Charles Schwab, you can instruct them to transfer the stock directly.

## **TIMING CONSIDERATIONS**

The date of donation is considered to be the day in which the stock is transferred out of your control, either by mail or delivery. If it is near the end of the year, make sure your broker completes the transaction before December 31, or your donation will not be deductible until the following year.

Donating stock can be an excellent way to support the Friends of the Orinda Library. It provides maximum benefit to the Friends, with minimum cost to you. If you would like further information on stock donations, contact your tax adviser.

Friends of the Orinda Library tax ID number: 94-6102921