



DONATING PUBLICLY TRADED SECURITIES

A gift of appreciated stocks, bonds, or mutual funds that have been held more than one year is a popular alternative to contributing cash. Through a gift of securities you may avoid the capital gains taxes on the appreciation and receive a charitable income tax deduction. Some high income taxpayers may also avoid the surtax on net investment income.

Why Should I Consider a Gift of Securities?

If your securities have appreciated in value, you have the opportunity to avoid capital gains tax that would be applied to the appreciation when the securities are sold. You may also earn a charitable income tax deduction for the full market value of the securities. With the tax savings, the “cost” of your gift to Chatham Education Foundation may be much less than the actual value of the gift made—and preferable to a gift of cash. In a sense, the IRS pays for a portion of your gift!

What If I Want to Continue Investing in the Security?

You can give the security and then repurchase additional shares with the cash you were considering giving to Chatham Education Foundation. You may avoid the capital gains tax on the charitable gift, yet continue to hold new shares with a higher cost basis (purchase price). When you eventually sell the new shares, you can take advantage of the lesser taxable capital gain—or a greater tax deductible loss if the value decreases.

What If My Securities Declined in Value?

One option is to sell the securities, enjoy a potential income tax deduction for the capital loss, and give the cash proceeds to Chatham Education Foundation. A charitable income tax deduction is available for the charitable gift.

How Can I Make a Gift of Securities to Chatham Education Foundation?

If the securities are held in “street name” or electronically in your brokerage account, see below for securities instructions that can be presented to your account representative. Make sure you notify us of the intended designation for use of the gift and type of securities. Caution: If your account representative sells the securities before transferring them, you may end up paying capital gains tax that you expected to avoid. Give clear instructions to transfer, not sell, the securities. If you hold the securities as certificates, contact us for a “stock power” form. Sign the stock power but do not enter other information or dates; we will enter that information based on the date we receive the documents. Mail the certificates in separate envelopes to Chatham Education Foundation at P. O. Box 81, Chatham, NJ 07928.

What is the Date and Value of My Gift?

The recorded gift value of a publicly traded security is the average of the high and low selling prices on the official gift date. Gifts transferred electronically “are complete” on the date Chatham Education Foundation receives the transfer, and some, such as mutual fund shares, can take up to six weeks. Gifts transferred by U.S. mail “are complete” on the postmark date. If a certificate and stock power are in separate envelopes, the later postmark applies. If

transferred by commercial courier, the applicable gift date occurs when both the certificate and stock power arrive at Chatham Education Foundation.

GIFT PLANNING TIP:

If you prefer to receive some of the proceeds from selling the securities, consider selling some shares and giving the remainder to Chatham Education Foundation. The charitable income tax deduction for the shares given to Chatham Education Foundation can offset the capital gains tax due on the shares you sell.

Sample Letter with Stock Transfer Instructions for Your Broker

Name of Broker: _____

Address of Broker: _____

Date: _____

RE: Donors name and Account Number: _____

Please transfer the following securities to the Chatham Education Foundation.

Name of Security: _____ Number of Shares: _____

From Account # _____

To Chatham Education Foundation, EIN 22-3285022, Vanguard Account Number: 23407599, DTC#0062

Vanguard contact information: 800-662-2739, PO Box 2600, Valley Forge, PA 19482-2600

It is imperative that these shares be transferred, not sold, out of my/our account in order to complete a charitable gift to the Chatham Education Foundation.

Before transferring the stock, please e-mail treasurer@ChathamEdFoundation.org

Sincerely, _____