

CHARITABLE GIFTS OF STOCK TO CREIGHTON

A direct transfer to Creighton University of appreciated securities owned for more than one year can provide double tax savings. First, you save by generating a charitable income tax deduction, usually equal to the stock's fair market value, and second, by avoiding taxes on the long-term capital gains you would have paid if you sold the stock. (Note, if you sell the stock and donate the net proceeds you will receive a charitable contribution deduction equal to the cash donated; but, you may have to report as income the capital gains realized upon the sale.)

For income tax purposes, the value of a gift of publicly-traded securities is calculated as the average of the high and low trading prices on the date of the gift, multiplied by the number of shares given. The date of the gift is generally the date the gift is considered complete, which may vary depending upon the method of transfer. When you mail the stock certificate and signed stock power to Creighton (or its agent) the gift is complete on the date of postmark. For electronic wire transfers into Creighton's account, the gift is complete when the stock is received into our account. In each case, you will receive a receipt from Creighton identifying the stock, number of shares given and date on which the gift was received. Creighton will provide its estimate of the value of the gift; however, for income tax purposes it is ultimately your responsibility to value gifts of appreciated securities.

Two important considerations when giving actual stock certificates are: 1) stock certificates and endorsed stock powers should be sent in separate envelopes because together they are negotiable and, 2) you may give less than the total number of shares listed on a stock certificate. The balance of the shares can be reissued in the donor's name.

The charitable deduction from a gift of long-term appreciated securities may be used to reduce up to 30% of your contribution base (adjusted gross income, or AGI, for most taxpayers). Any portion of the deduction that exceeds this 30% limitation may be carried forward for an additional five (5) years. In each successive year, you must utilize as much of the remaining deduction as possible, up to the 30% limit. Donors wishing to utilize their charitable deduction against up to 50% of their AGI must reduce the deduction from the stock's fair market value to its cost basis. This could be appealing when 1) the appreciation is modest or 2) the donor needs to maximize deductions in the current year to offset a higher income.

You may be required to you to file IRS Form 8283 with your Federal income tax form. Please contact your tax advisor or our office for more information. You may reach the Office of Estate and Gift Planning at (800) 334-8794 or (402) 280-2412