



January 14, 2018

## Donating Stock to your Church/Conference- a great idea! 5 Things you Should Know

**1. Giving appreciated stock you've held for more than a year is better than giving cash.** If you donate stock that has increased in value since you bought it more than a year ago – and if you itemize deductions -- you can take a charitable deduction for the stock's fair market value on the day you give it away. You'll also avoid capital-gains taxes on the increase in value over time, which you would have had to pay if you sold the stock then gave the church the cash proceeds. You can deduct the fair market value only if you hold the stock for more than a year before giving it away. If you've held it for less than a year, your deduction is limited to what you paid for the stock -- not the current value.

**2. If it's a losing stock, it's better to sell it and give the cash.** If the stock has lost value, it's better to sell the stock first and give the cash to the church. You'll still be able to deduct your charitable donation if you itemize, but you'll also be able to take a capital loss when you sell the investment.

**3. Ask your church/conference and brokerage firm about the procedure and time frame for giving stock.** Most banks and brokerage firms require a letter of instruction or letter of authorization to transfer the shares to charity, and a mutual fund company may have a special form. It's a good idea to start the process at least two weeks before December 31 (or anytime during the year), so the transfer has plenty of time to be completed during the holidays.

**4. You can buy extra time with a donor-advised fund.** If you'd like to transfer shares when the value reaches a certain level but want extra time before giving it all away, you could give the stock to a donor-advised fund. You usually need \$5,000 to \$10,000 to open a donor-advised fund at a brokerage firm, mutual fund company or community foundation. You can take a charitable deduction when you give the shares to the donor-advised fund, but you have unlimited time to donate it.

**5. Donate your required minimum distribution from a retirement account.** If you'd like to transfer your RMD to your church or conference, you can. For the past few years, people over age 70½ have been able to transfer up to \$100,000 from their IRAs to charity tax-free. The gift counts as their required minimum distribution for the year, but it is not included in their adjusted gross income. This can be a great way to avoid having to pay taxes on your RMD if you want to support your church or wider church, and it gives you a tax break even if you don't itemize your deductions. Just remember that it must go directly from your IRA to the church.

- Tammie Wisniewski, PSEC Financial Operations Manager

**PSEC**



**Reminder:**  
**This Thursday, January 18th @ 9:30 am**

**meet with author,**

**Harry Serio**

**to discuss his book**

**"The Dwelling Place of Wonder"**

**@ Trinity UCC, Pottstown**

**Register at the PSEC website**

**IMPORTANT ANNOUNCEMENT:**

"Books of the PSEC will close on January 16, 2018. All OCWM contributions for 2017 must be in our office by that date or they will be counted towards 2018 contributions."