

Giving Appreciated Stock

Why give stock to the Colonial Theatre?

There are advantages to giving appreciated securities to the Colonial Theatre. Donating securities that have gone up in value and have been held more than 12 months can have a double tax benefit for you.

How? You may be able to deduct the full fair market value of your appreciated assets – not just what you paid originally – and save again by avoiding all capital gains taxes on your “paper profit.” Take the example of Mrs. Stage. The stock she purchased in 1995 for \$2,500 is now worth \$10,000. If Mrs. Stage gives the stock instead of cash, the Colonial receives a gift of \$10,000 — the fair market

value of the stock — and she can claim a \$10,000 charitable deduction on her next income tax return. In a 28% bracket, that’s a tax savings of \$2,800. Furthermore, she avoids \$1,500 in capital gains taxes that would be due if she sold the stock ($\$10,000 - \$2,500 = \$7,500 \times 20\%$, the current tax federal rate on long-term capital gains). **Net Result:** Rather than giving an equivalent amount of cash or selling the stock and paying \$1,500 in capital gains taxes and, instead, by giving the stock to the Colonial, she will enjoy a \$4,200 tax savings on an investment that cost \$2,500.

The chart below shows the tax savings of this gift in the different tax brackets.

In 2015, the potential tax savings from a gift of securities purchased for \$2,500, held for at least 1 year + a day, and now worth \$10,000 is:						
Tax bracket	10%	15%	25%	28%	33%	39.6%
Charitable deduction tax savings	\$1,000	\$1,500	\$2,500	\$2,800	\$3,300	\$3,960
Plus: Long-term capital gains tax savings	0% Capital Gain Rate		15% Capital Gain Rate ($15\% \times \$7,500$) = \$1,125 savings			20% Cap Gain Rate = \$1,500 savings
Total tax savings	\$1,000	\$1,500	\$3,625	\$3,925	\$4,425	\$5,460
On top of this, you have the potential of Commonwealth of Pennsylvania tax savings.						

Valuation. For an actively traded security, the gift value is the mean (*average*) of its high and low market quotations on the date the security passes unconditionally from your control. If transferred electronically, this is the date you instruct your broker in writing to make the transfer. Otherwise, it is the date you deliver the certificate(s) in negotiable form to the Colonial Theatre.

Mutual fund shares. The deduction is equal to the public redemption value of the shares on the date of transfer.

Split certificates. Your certificate held by you may be for more shares than you wish to contribute to the Colonial. If so, when you deliver the certificate, include instructions indicating the number of shares you are donating. Your instructions will be followed, and the corporation will issue and send you a new certificate, registered the same way as the original certificate.



The official registration and financial information of The Association for the Colonial Theatre may be obtained from the Pennsylvania Department of State by calling toll-free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement.

Comparing the benefits of giving the Colonial cash or appreciated securities:

Cash

A gift of cash is the simplest way to make a contribution to the Colonial. Cash gifts are deductible for income tax purposes up to 50% of your adjusted gross income. A gift in excess of that limit can be carried forward as a deduction for up to five additional years.

Securities

You may find it more beneficial to give securities that have appreciated in value. If you sell appreciated securities, you will incur a taxable gain. By giving appreciated securities to the Colonial that have been held more than 12 months, you will receive a double tax benefit:

- you avoid capital gains tax on the appreciation and
- you receive a charitable income tax deduction for the full fair market value of the assets.

Gifts of appreciated securities are deductible up to 30% of your adjusted gross income. A gift in excess of that limit may be carried forward as a deduction for up to five additional years.

Procedures for giving securities:

When the security is held by you, please call and ask for instructions:

Mary Foote, Executive Director
Association for the Colonial Theatre
phone: 619-917-1228
email: mary@thecolonialtheatre.com

When the security is held by your broker or bank:

- The securities can be transferred electronically to the account of the Association for the Colonial Theatre.
- Have your bank or broker phone Mary Foote for instructions as to how this can be accomplished.
- Send your broker written confirmation of your verbal instructions promptly, and send a copy of this letter of transmittal to Mary Foote at the Colonial, giving your name, address, what and how many securities are being transmitted, and the purpose of your gift. Having that information will expedite the recognition of your gift.

The information contained throughout this brochure is not intended to be tax advice. Tax laws can and do change year to year, and we recommend that you consult your tax advisor when considering a gift of appreciated securities.

The advantages of giving appreciated stock to the Colonial Theatre



Association for the Colonial Theatre
227 Bridge Street ♦Phoenixville, PA ♦19460
610-917-1228
www.thecolonialtheatre.com