

# Gifts of Stock

A way to support charity and save taxes

Many people who own stocks or shares in mutual funds have watched the value of their investments increase. But now they face a problem – how to turn their investments into cash without losing a large portion of their gains to taxes. One answer is to donate all or a portion of your investment to charity. Mennonite Foundation can help.

## How it works

You donate stocks or shares in a mutual fund to Mennonite Foundation. We turn your contribution into cash, which can then be put into a donor advised fund, a gift annuity or a charitable trust. Your gift represents an irrevocable contribution to Mennonite Foundation and is not refundable to you.

If your donation is placed in a donor advised fund, the money is available for distribution to charities you recommend at any time you wish. If your donation is placed in a charitable trust or gift annuity, payments from the trust or annuity will be paid to you or your beneficiary as long as you live. The balance of the trust or annuity will be transferred to charities you recommend upon your death or the death of your beneficiary.

Assets contributed to the donor advised fund, gift annuity, or charitable trust become the property of the foundation, and the donor retains no legal control over the gift. Instead, the donor is entitled to give non-binding advice to the foundation about the distribution of the funds.

## How to give a gift

You may give a gift of stock or mutual fund shares by mail, hand delivery or through a broker. If your donation is to a donor advised fund, Mennonite Foundation will make disbursements from the fund based on your recommendations, after ascertaining the charity's qualifications. Checks are generally mailed out within two business days after recommendations are received or approved. A letter is mailed with the check explaining the gift.

If your gift is made to a charitable trust or gift annuity, Mennonite Foundation invests your donation according to our stewardship investing guidelines. You and/or your beneficiary receive regular payments until your death or your beneficiary's death. The balance of the trust or annuity is then distributed to charities you recommend.

## Advantages

- **Get an immediate tax deduction.**
- **Avoid capital gains tax.**
- **We convert your stock or mutual fund shares to cash.**
- **We handle all the paperwork and record keeping.**

## How to transfer stock or mutual fund shares

### By mail or hand delivery

You should date and sign one Stock Power for each stock certificate and one Disclaimer Form for each stock issue. The forms are available from your Mennonite Foundation office. A Disclaimer Form can also be a letter signed by you. Your signatures must be guaranteed by a commercial bank officer or stock broker.

You should place the stock certificate (not endorsed) in one envelope and the Stock Power and Disclaimer Form (with signature guarantees) in another envelope and mail them to Mennonite Foundation, 1110 N. Main St., P.O. Box 483, Goshen, IN 46527. The gift is



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completed on the date you placed the stock certificate and Stock Power and Disclaimer Form in the mail.

You may also hand deliver the documents to a Mennonite Foundation representative. The gift is completed when the documents are in the possession of the foundation representative.

### Through a broker

The stocks may also be delivered to a broker, but the delivery date will be when your broker delivers the stock to Mennonite Foundation.

If your stock is registered in street name, the date of delivery is when you can no longer legally revoke transfer. There can be delays in the date of transfer.

### Transfer of mutual fund shares

You write a letter to the mutual fund company asking them to transfer shares to a new account as a charitable gift for Mennonite Foundation. A Mennonite Foundation staff person can help you draft the letter. The letter must have your guaranteed signature when it is mailed to the mutual fund company. Mennonite Foundation may need to set up an account with the mutual fund company prior to receiving the gift. The gift date is the date the mutual fund company transfers shares to the Mennonite Foundation account.

## What charities receive

Charities are dependent on the generosity of donors like you. They are delighted to receive gifts funded by stock or mutual fund shares through Mennonite Foundation because it often makes the process easier for donors.

## What you receive

You receive a charitable contribution tax deduction for the fair market value of your gift of stocks or mutual fund shares you have owned more than one year. You can use your deduction up to 30 percent of your gross adjusted income in the year of your gift with a five-year carryover for any excess amount. You also avoid tax on any capital gains you have realized. In addition, you receive an annual statement of your fund donations. If your gift establishes a charitable trust or gift annuity, you or your beneficiary receive payments during your lifetime. And you get the satisfaction of knowing the charities you recommend will benefit from your generosity.

## A case study

Steve and Linda Carney have owned shares of stock for 15 years. They would like to sell their shares, but the value of the stock has increased greatly since they made their initial investment. Their capital gains would be subject to income tax. The Carneys would also

## Act today!

**For more information, contact your Mennonite Foundation representative. You can also call us toll free at (800) 348-7468.**

**We'll show you exactly how donating stock or mutual fund shares can work for you and the tax benefits you would receive.**

like to make a contribution to their local church and to several other charities they support.

After consulting with a Mennonite Foundation professional, the Carneys donate their stock to Mennonite Foundation for a donor advised fund. The foundation then sells the shares and places the cash proceeds in the donor advised fund. The Carneys get an immediate charitable income tax deduction and avoid tax on the capital gain.

After the sale of the stock, the Carneys recommend disbursement of half the money to their church. They recommend that the remainder of the money be used for regular contributions to a college and other charities over the next few years.