Magnify the benefit from your charitable giving!
Consider making a stock contribution for 2013

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With the recent stock market performance, many investors are holding on to significant unrealized investment gains that will be taxed at 20% upon the sale of those investments. If you are planning to make a contribution to The Wild Dolphin Project, consider donating appreciated stock from your investment portfolio instead of cash. The use of this tax planning strategy, which will magnify the benefit to you as well as the beneficiaries of your generosity, can be utilized for any amount, large or small. Feel free to contact us for more details.

How it Works:

The general rule that applies is that the donor of an asset is allowed to take a tax deduction for a charitable donation equal to the fair market value of the donated asset, provided he has owned the asset for at least one year. If the donated asset has appreciated in value since the purchase, the donor does not have to recognize the gain on the donated asset, effectively allowing the donor to avoid the taxes they would otherwise be required to pay on the gain upon the sale of the asset.

What this means for you is that you will be able to "double-dip" on the tax benefits of your donation through: (i) a regular charitable deduction on the full value of the donated asset and (ii) avoiding the capital gains tax on the appreciation of the donated property.

This is probably best illustrated through the following example:

Several years ago, Mr. Cash and Mr. Stock each bought $5,000 worth of ABC Corp shares. Over the years, ABC Corp's stock price has risen dramatically and their investments in the company are now worth $20,000 giving each investor a $15,000 gain.

Both Mr. Cash and Mr. Stock decide to donate the proceeds from their investments to their favorite charitable causes. While Mr. Cash chooses an organization that can only accept cash donations, Mr. Stock has chosen to donate to The Wild Dolphin Project, which has made arrangements with their financial institution to allow for the direct transfer of marketable securities such as ABC Corp stock.

In order to make the donation, Mr. Cash sells his investment and donates the cash proceeds while Mr. Stock assigns his shares to The Wild Dolphin Project. Here's a look at the numbers:

	Mr. Cash		Mr. Stock	
Initial Investment in ABC Corp.	$5,000		$5,000	
Current Value of ABC Stock	$20,000		$20,000	
Proceeds from Sale of ABC Stock	$20,000		-	
Taxable Gain on Sale	$15,000		-	
Tax on Gain (20% Tax Rate)	$3,000		-	
Cash Remaining after Tax	$17,000		-	
Value of Donation	**$17,000**	**Cash**	**$20,000**	**Stock**
Tax Benefits to Donor:				
From Donation (28% of Donation)	$4,760		$5,600	
No Sale = No Capital Gains Tax	$0		$3,000	
Total Tax Savings	**$4,760**		**$8,600**	

Who benefits from a stock donation vs. a cash donation?

Everybody except for Uncle Sam! The charitable organization gets an additional $3,000 in value while Mr. Stock gets an additional $3,840 in tax benefits, assuming a 28% tax bracket. This widely used tax planning strategy helps lower your taxes in 2013 while providing greater benefit to the organizations you support.

Note: The above example is meant for illustrative purposes only. Each investor's scenario may vary materially. Please consult your tax advisor to evaluate your tax situation and how a stock donation may fit within your estate and tax plan.

How Do I Donate Stock? You just need to request the donation from your brokerage firm and ask them to deliver the stock via DTC. Call Wild Dolphin Project at 561-575-5660 for the Morgan Stanley DTC number and our account number.

If your shares are being moved within the Morgan Stanley group, email the Wild Dolphin Project at info@wilddolphinproject.org and we will email a PDF form and then you can authorize a one-time internal securities journal.

Our staff at the research office can give you the correct account number for a stock donation to support the Wild Dolphin Project (561-575-5660, info@wilddolphinproject.org).

All donations are tax-deductible as allowed by law.