

The Benefits of Making a Gift Using Appreciated Stock

1. By gifting appreciated stock, you can give more at the same net cost of making a cash gift

By donating appreciated stock that has been held for more than a year, you can actually give up to 20 percent more than if you sold the stock and then made a cash donation. The reason is simple: avoiding capital gains taxes. When you sell a long-term stock holding, you trigger federal capital gains tax with rates of 0 percent, 15 percent or 20 percent depending on one's taxable income and filing status. Most people will pay a 15 percent capital gains tax under the present tax rates. In the past six years, the Dow Jones Industrial Average has risen from about 18,000 (end of March 2015) to about 36,000 (end of October 2021). You are likely to realize a taxable profit on the sale of stock you purchased in the past five years. But, if you donate the stock directly to Bowdoin, there's no capital gains tax to pay. Plus, you are still eligible to deduct the full fair-market value of the securities you donate from your income taxes *up to the amount allowed by the IRS*.

2. You can potentially reduce future capital gains

Many investors have stocks that they love and want to hold for the long term. Any appreciation of that stock's value confirms your belief in it, but it can also set the stage for substantial gains when you sell. If you make a gift of shares of appreciated stock and then buy new shares, you can reset your cost basis at the current, higher price. This will reduce your future capital gains tax exposure if the stock continues to grow in value.

3. You can give your stock portfolio a health check

Over time, a stock portfolio can get out of balance. If a review of your investments' gains and losses shows that it's time to rebalance your portfolio to maximize its performance and optimize for risk, donating stock can give your portfolio the health check it needs. Implementing a donation strategy puts your capital gains to work funding your philanthropy. Talk to your advisor about which assets to put to a better use.

4. Donating publicly-traded stock is easy

It is easy to initiate a stock gift. Download [Bowdoin Stock Transfer Instructions](#). Note that in the case of gifts of physical stock certificates, direct registration shares, closely-held stock, or stock held on foreign exchanges, the standard methods do not apply and you will need to work closely with the Development Office to facilitate the transfer.

Please consult your tax or financial advisor regarding your specific circumstances.

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